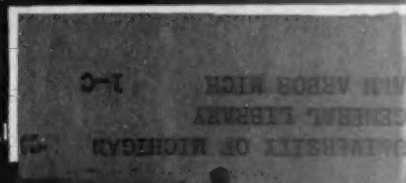


BUSINESS WEEK



To guide the National Association of Manufacturers through 1946, Robert R. Wason

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AN IMPORTANT STATEMENT OF POLICY

FOR YEARS, WARNER & SWASEY has taken the position that its responsibility continues for the entire life of a Warner & Swasey machine. We will continue this policy throughout this period when many government-owned surplus Warner & Swasey Turret Lathes are passing through many hands.

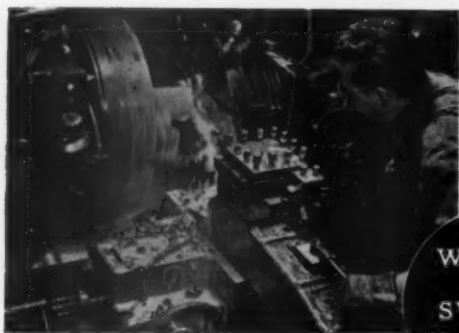
Besides the obligation we owe a Warner & Swasey owner, wherever he may be, we also have a deep interest in a sound, efficient, postwar national economy. It is our belief that low-cost high-production is vital to such an economy—and that means using the most efficient methods and tools available.

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Warner & Swasey is in the business of selling *low-cost production*. We believe this is the only means by which America can be prosperous and safe—and we believe America's machines, including surplus, can help assure this prosperity and safety if these machines are properly used. Our Turret Lathes, our policy and our service are all planned for this one objective. Take advantage of all three.



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Koroseal is a typical example of B. F. Goodrich development

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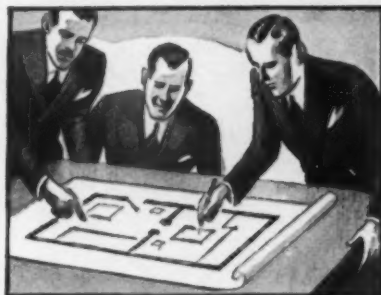
The weather machine was used during the war to test and develop products for actual jungle use. Now it's being used to improve the peace-time products made of Koroseal that are coming back into the stores. Soon you'll find the name Koroseal on articles made to stand any kind of weather—and know you're getting the best product of its kind that money can buy. Koroseal is made only by *The B. F. Goodrich Company, Akron, Ohio.*

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WASHINGTON BULLETIN

WAITING FOR WALLACE

Eyes turned to Henry Wallace following President Truman's request to Congress for legislation to quell strikes. Would the Secretary of Commerce heed the thunder on the left and break with Truman, a break that many regarded as inevitable if Truman strayed from the prolabor camp?

The champion of the left wing has been chafing at the bit, exasperated because the President has failed, in his opinion, to exert effective leadership for a socio-economic program that has been stymied in Congress for months (BW—Nov. 3 '45, p. 5).

Wallace now has plenty of food for thought. He's C.I.O.'s man for 1948—and C.I.O. is bitter.

He'll Repeat It—And Louder

Wallace hasn't been bothered in the least by the blast that came from the Automobile Manufacturers Assn. after he released a Commerce Dept. study asserting that auto companies could raise wages substantially without increasing prices and still make high profits (BW—Nov. 10 '45, p. 15). He is now revising the study and will come out with the same conclusion—couched in even stronger terms—within a week or two.

ALCOA REPLIES TO CLARK

Aluminum Co. of America this week got around to answering Attorney General Tom C. Clark on his proposal to create competition for Alcoa either by dismembering the company or by taking steps to subsidize competitors (BW—Sep. 22 '45, p. 29).

In a 37-page printed letter, Alcoa Chairman Arthur V. Davis asserted that Clark's chief complaint was that Alcoa was too efficient to permit easy competition, contended that Alcoa's breakup would increase aluminum costs, defended its record during the war vehemently and statistically, pointed proudly to the fact that "priorities were removed on aluminum before they were taken from any other major metal."

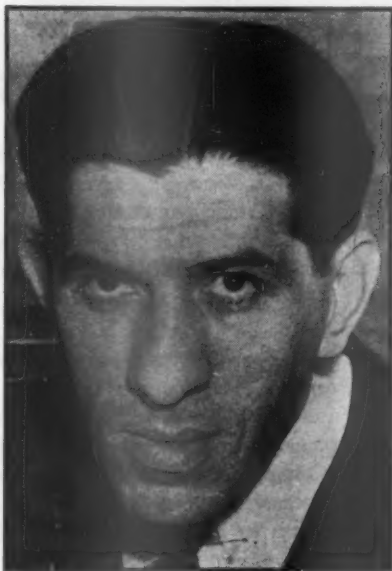
STEEL PRICE SUPPLIANTS

Twelve small steel producers have quietly accepted OPA Administrator Chester Bowles' standing invitation to apply for price if they are suffering hard-

ship under the present price level.

Of the dozen, five of the concerns belong to the Small Steel Producers Committee, which has gone on record in opposition to price increases unless granted on an industry-wide basis (BW—Dec. 1 '45, p. 17). OPA officials identify them as Lukens Steel Co., Coatesville, Pa.; Superior Steel Corp., Pittsburgh; Apollo Steel Co., Apollo Pa.; Continental Steel Corp., Kokomo, Ind.; and Alan Wood Steel Co., Conshohocken, Pa.

Prices in which boosts are asked include both special items and standard products such as plates, tubing, wire, and sheets.



RECONVERTING

When Robert R. Nathan leaves his post as deputy director for reconversion in the Office of War Mobilization & Reconversion at the end of the year, he will set up a consultant-research organization which will be particularly active in the foreign field. Now turning 37, Nathan began his career in government service as a Commerce Dept. economist in the early days of the New Deal. Since then he has held one policy-making post after another, where the pyrotechnics of his facts and figures, particularly in debates with the military over production quotas, repeatedly drew national attention.

LOWER FARM GOALS DUE

Secretary of Agriculture Clinton P. Anderson wants farmers to maintain food production about 25% above the 1935-39 prewar volume. Wartime volume has been running from 30% to 35% above (page 31).

Anderson figures that domestic and foreign demand will be strong through 1946, that prices of most farm products will hold above government 90% of parity export levels.

Tentative production goals for 1946 include: (1) reductions in milk, poultry, eggs, potatoes, truck crops, soybeans, and peanuts; (2) increases in cotton, tobacco, sugar beets, sugar cane, and feed crops.

Beef supplies would be increased by reductions in cattle on farms and ranches. Only a token increase in next spring's pigs is wanted.

The 1946 program will be considered by farmers at local meetings this month; final goals will be announced by the department in January.

MERE MILLIONS

Accustomed to dishing out billions for war, the rank and file of Congress apparently aren't minded to whittle down appropriations of mere millions.

In the first economy test in the House, the usually strong and influential Appropriations Committee got a bad beating. Without batting an eye, the House restored more than \$300 million which its committee had cut from a deficiency supply bill.

The debate and the votes are solid evidence that Congress isn't ready yet to go along on an economy program, particularly when juicy public works, and appropriations for veterans, are involved. The ease with which the House overrode the committee on \$158 million for veterans hospitals and \$24,500,000 for veterans' housing heralds the fight which congressional leaders face when future liberal measures for the second World War veterans reach the floor.

BLACK MARKET WAGES

The government is going to crack down on a few contractors who are paying black market wages to building tradesmen. This is the only segment of industry which still has to get government approval for a wage raise.

A survey has revealed widespread un-



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WASHINGTON BULLETIN (Continued)

authorized payments, according to John Collett, Economic Stabilization Director. The penalty is the deduction of only the excess but the whole from contractors' income tax expense items. Collett says building wage stabilization will be maintained as long as strong inflationary pressures continue.

WOOL-BUYING TO GO ON

The Commodity Credit Corp. is planning to extend its wool-buying program by raising prices through next November. This will cover the entire 1946 instead of cutting off on June 30 as previously announced.

Since cutting its selling prices 7¢ (grease basis) last month, the agency has sold ten million lb. It still has more than 420 million lb. of domestic wool in competition with imported wool that is now priced 2¢ to 3¢ (grease basis) below CCC domestic offerings.

Sen. Joseph C. O'Mahoney's wool committee hearings developed no program beyond 1946. CCC administrators want, but the State Dept. opposes, restrictions on imports until the domestic surplus is reduced.

SMILING THROUGH

Dan Tracy, first assistant secretary of labor and former president of the A.F.L.'s electrical workers, is smiling again, and won't resign.

When Secretary Lewis Schwollenbach took office, he appointed a couple of new assistants, left Tracy virtually adding his thumbs. Then the second assistant secretary, Carl Moran, resigned, and Schwollenbach unloaded a large part of the administrative work on Tracy. With something to keep him busy, Tracy is feeling better.

FROM "ALCOHOL RUBBER"

The government's decision to close its alcohol plants for the production of butadiene, essential material in the manufacture of synthetic rubber, was interesting but not unexpected. Even in the war's early days, it was known that it was cheaper to produce butadiene from a petroleum base than via the grain-alcohol route. But petroleum was urgently needed for other uses, especially for components in aviation gasoline. So most of our synthetic rubber came from an alcohol base.

The switch from "alcohol rubber" began late last year and accelerated after V-J Day. About half of the synthetic rubber produced this year has come from petroleum, and closing of the alcohol plants completes the switch.

The farm bloc won't like this a bit. It will be heard from when grain surpluses return. The farm organization's postwar plans are pointed toward the development of more industrial uses for farm products.

TRADE BUREAU SPLIT

First stab by Henry A. Wallace at reorganizing the Bureau of Foreign & Domestic Commerce for a vigorous foreign trade promotion policy has stirred up a hornet's nest. Several of

the bureau's commodity specialists are muttering about resigning.

The trouble started with appointment by Wallace of Arthur Paul as assistant in charge of all foreign commodity and trade activities. Paul is an old crony from Board of Economic Warfare days. The move is generally regarded as a step towards a split-up of the Bureau of Foreign & Domestic Commerce, one-half to operate on the international trade policy level, the other half to be an analytical, fact-finding shop, which can't be accomplished until Congress coughs up Wallace's enlarged budget needs.

What the bureau's personnel has stirred up is the sight of Paul apparently crowding in on Amos Taylor, the bureau's veteran chief. Taylor retains his title, but the commodity

Six Form Inner Ring of Truman Advisers

President Truman's inner ring of White House advisers today numbers six at the top, and functions as a closely knit group.

While their influence and prestige are bound to fluctuate, Truman's closest consultants are now John W. Snyder, the Missouri banker become federal war demobilizer and reconverter; James F. Byrnes, Secretary of State; George Allen, political trouble-shooter, choreman, and advance travel agent; Judge Samuel Rosenman, legal adviser and foremost speech writer; Admiral William Leahy, personal chief of staff; and Charles G. Ross, press secretary, former St. Louis Post-Dispatch correspondent, and Missouri schoolmate of the President.

• **Morning Free-For-All**—With the exception of Byrnes and Leahy, this group meets with Truman the first thing every morning for a free-for-all discussion of developments and high policy. They are usually joined by the new presidential assistant, John R. Steelman, Secretaries Bill Hassett and Matt Connelly, and the President's military aides. Each is encouraged to participate in the discussion instead of confining himself to his specialized affairs, as was done under President Roosevelt.

Jimmy Byrnes is his own Secretary of State. He confers alone with Truman several times a week. Admiral Leahy also meets with the Pres-

ident alone almost daily after the executive staff has completed its lengthy conference.

• **Expert's Expert**—Allen, Mississippi-born former secretary of the Democratic National Committee, is one of the least known, most ubiquitous of Truman's inner ring. A former District of Columbia commissioner—which made him for a time one-third of a mayor—Allen is a political expert's expert and as such served in Truman's 1944 campaign for the vice-presidency. He has remained close to Truman ever since. His influence is construed to be on the liberal side of the political center and his counsel is solicited on a wide range of policy. He is the President's advance-arranger and contact man on his public travels.

There's no present indication of who will fill the gap left when Judge Rosenman, the last intimate link in the White House with Roosevelt, leaves his post in mid-January.

• **Cabinet's Role**—Shortly after Truman succeeded to the presidency last April, he remarked, "I intend to get me a cabinet." Truman works more closely with his cabinet than his predecessor and delegates greater authority to its members. His White House executive staff rarely crosses wires with his cabinet members nor do they usurp their authority. They are the President's personal advisers, not his administrators.

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divisions under him now must report directly to Paul on all policy matters in the international field.

PERSONAL REPARATIONS?

A sidelight on court decisions that the war did not start officially until the day after Pearl Harbor (BW-Dec.1'45, p7) when Congress officially declared war is the possibility that relatives of the victims of the raid may be entitled to collect reparations from the Japanese.

Several hundred claims already have been filed with the State Dept. based on the contention that the Pearl Harbor raid was an attack during peacetime and is therefore comparable with the Panay case in which the Japanese paid reparations to the relatives of the Americans who were killed in the sinking of the gunboat Panay in China on Dec. 12, 1937.

Secretary of State James F. Byrnes has been telling claimants that he doesn't think they will get anywhere, but court decisions holding that there was no war until the official declaration by Congress, Dec. 8, 1941, may force the State Dept. into an about face. If that happens, the U. S. government will collect any reparations and split them among the claimants.

SKELETONIZED CPRB

With deputy U. S. member William L. Batt lending his support, the Combined Production & Resources Board—set up during the war to make the most effective use of the resources of the U. S., Canada, and United Kingdom—will continue to function with a skeleton staff. Eventually, CPRB may be absorbed by the Social & Economic Council of the United Nations Organization (BW-Oct.27'45,p46).

—Business Week's
Washington Bureau

THE COVER

There are three sure ways of starting a self-labeled misstatement: "Industry says—," "Labor says—," "Agriculture says—." In this democracy, no single voice speaks with warrant for any one of these groups as a whole on any issue worth discussing. Those who give ear to what the many voices of industry are saying on today's issues listened carefully this week to the annual Congress of Industry, held by the National Assn. of Manufacturers, and took special note of a new voice—that of Robert R. Wason, elected president of N.A.M. for 1946 (page 19).

PLAIN TALK ABOUT PLASTICS

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"Plastics

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THE OUTLOOK

BUSINESS WEEK

NOVEMBER 8, 1945



Salient characteristic of the business picture is that we are ending the year with the business curve about level instead of rising.

Reconversion got off well ahead of schedule, as President Truman reported last week. But now it has lost its impetus.

Production of many types of civilian goods already is behind schedule. Stores aren't getting deliveries of stuff promised for Christmas. Much of the early reconversion gain is being lost.

There is, nevertheless, a Pollyanna side to all this. We at least are not going backward, for all the widespread labor troubles.

Business' ability just about to hold its own in the present trying circumstances is due to vigor in several basic lines.

Construction contract awards, for example, continue to score good gains. Steel and coal have topped off at very satisfactory figures. Carloadings and electric power output are doing about as expected.

And retail trade is booming despite the dearth of goods. Sales of New York department stores (only area so far reporting) were up 16% in the last week of November, and stores are jammed the country over.

Consumers haven't been frightened into hanging onto their money. Cash, U. S. bonds, and deposits held by the people will have risen from an estimated \$50 billion at the end of 1939 to \$170 billion by Jan. 1.

Best measure of production lost due to strikes is the number of idle man-days chargeable to walkouts.

This figure has risen rapidly since final victory (box, page 99).

President Truman told the press last week that only three-quarters of 1% of the available man-days had been lost since the end of the war. Some commentators took solace in this statement. Others, well enough informed so they should know better, expressed mystification as to where the President could have found such a figure.

There is neither comfort nor mystery in it. Average the man-days lost through strikes in August, September, and October and you come out with 3/4% of the total man-days available.

But the catch in this is obvious. Total man-days lost in August were only 1,350,000, in September 3,650,000, and in October 7,800,000.

The rate of increase, not the 3/4% loss, is the alarming thing. November undoubtedly topped October, and the figure for December, if the General Motors strike lasts the month, will possibly reach 12,000,000.

The strikes that closed General Motors and concerns supplying parts to many other auto plants shoved car output in the last week of November back down to where it was the middle of October.

At 13,140 (Ward's estimate) it is down 60% from mid-November.

Yet preliminary figures indicate that Ford had the best week since reconversion started. And Nash has picked up speed rapidly since turning out its first models in the last half of November.

Don't count too strongly on early relief from "double taxation" of corporate income and dividends.

Congress is ready and willing to stop taxing dividends received by stock-

THE OUTLOOK (Continued)

BUSINESS WEEK

DECEMBER 8, 1945

holders from earnings which have already been taxed at the corporate level. The Treasury displays no disposition to balk at a reasonable plan—but it is fussy about the method.

The boys on Capitol Hill would like to give the stockholder credit for the taxes paid by the corporation. That way, voters could see it.

But the Treasury regards such a plan as virtually unworkable. It leans to the idea of letting companies off on money paid out as dividends. Corporations would have more money to give stockholders who, in turn, would turn more over to Uncle Sam. Collection would be much simpler than under the congressional plan.

If corporations are exempted from paying federal income tax on dividends disbursed, we will be back to a setup very similar to the undistributed profits tax of 1936-37.

The effect will be to force out—or at least provide an incentive for paying out—unusually high proportions of earnings as dividends.

This plan will find favor with economists who deplore "oversaving," believing that retention of earnings slows down the whole economy.

It presumably would have an invigorating effect, in the long run, on the money markets. Corporations with slim reserves would have to borrow from banks or sell securities to meet unusual cash needs.

Management, however, will be beset by the fear that need for cash will arise in bad times when money is hard to raise, even at a price.

The largest and best rounded diet in this country's history is in prospect for late 1946 and through 1947.

That's the real significance of the Dept. of Agriculture's crop and livestock goals for 1946. These call for farm output somewhat below the 1944 peak but about 25% ahead of the 1935-39 average.

Bear in mind that the needs of our armed services will be relatively small. And by the time of our 1946 harvest, liberated countries will have taken in their first real postwar crop so relief needs will be light.

There's a fight coming over what to do with our wheat-raising capacity—although the politicians will dodge it as long as possible.

The plain facts are these. Much Great Plains land is little suited for growing anything but wheat. If used for that purpose, the surpluses will pile up again. This can be avoided by (1) exporting or (2) converting the grain into meat, but both mean lower prices.

Our past history is one of devotion to the cause of raising the price of wheat. We largely priced ourselves out of world markets, and it has required a vast-scale war to move the surpluses accumulated.

War has shown far-seeing farm leaders how much meat Americans will put on the table if their incomes are high. They want to see wheat supplement corn as livestock feed—which means a wheat price down near the level of corn instead of half again as high.

Builders and OPA can get together on rents, sometimes at least.

It happened this week in New York. OPA approved a rent ceiling of \$21 a room for a 114-apartment project. This rental was described as about 20% higher than the limit on comparable existing apartments.

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BUSINESS

FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel Ingot Operations (% of capacity).....	82.8	83.5	77.0	96.0	97.3
Production of Automobiles and Trucks.....	13,140	16,750	27,320	19,180	98,236
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$11,410	\$10,360	\$11,527	\$4,638	\$19,433
Electric Power Output (million kilowatt-hours).....	4,043	3,841	3,899	4,524	3,130
Crude Oil (daily average, 1,000 bbls.).....	4,448	4,469	4,318	4,713	3,842
Bituminous Coal (daily average, 1,000 tons).....	2,048	12,054	2,022	2,042	1,685

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	78	78	81	84	86
All Other Carloadings (daily average, 1,000 cars).....	53	55	62	55	52
Money in Circulation (Wednesday series, millions).....	\$28,169	\$28,198	\$28,026	\$24,997	\$9,613
Department Store Sales (change from same week of preceding year).....	+9%	+9%	+12%	+17%	+17%
Business Failures (Dun & Bradstreet, number).....	15	7	17	26	228

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	264.3	263.8	263.0	248.9	198.1
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	169.6	169.5	169.3	165.2	138.5
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	231.6	232.7	231.4	221.3	146.6
Finished Steel Composite (Steel, ton).....	\$58.27	\$58.27	\$58.27	\$56.73	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$18.67	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$1.69	\$1.68	\$1.69	\$1.59	\$0.99
Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	24.30¢	24.05¢	23.62¢	21.43¢	13.94¢
Wool Tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.340	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	137.4	134.6	134.5	102.3	78.0
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.13%	3.13%	3.17%	3.50%	4.33%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.62%	2.61%	2.62%	2.71%	2.77%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	1%	1-1%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	40,247	39,805	39,592	38,539	23,876
Total Loans and Investments, reporting member banks.....	62,381	62,057	60,945	55,093	28,191
Commercial and Agricultural Loans, reporting member banks.....	6,778	6,751	6,328	6,274	6,296
Securities Loans, reporting member banks.....	4,119	3,790	3,483	2,954	940
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	45,501	45,550	45,142	40,514	14,085
Other Securities Held, reporting member banks.....	3,248	3,237	3,293	2,914	3,710
Excess Reserves, all member banks (Wednesday series).....	1,520	1,210	960	1,151	5,290
Total Federal Reserve Credit Outstanding (Wednesday series).....	24,764	24,331	23,987	19,520	2,265

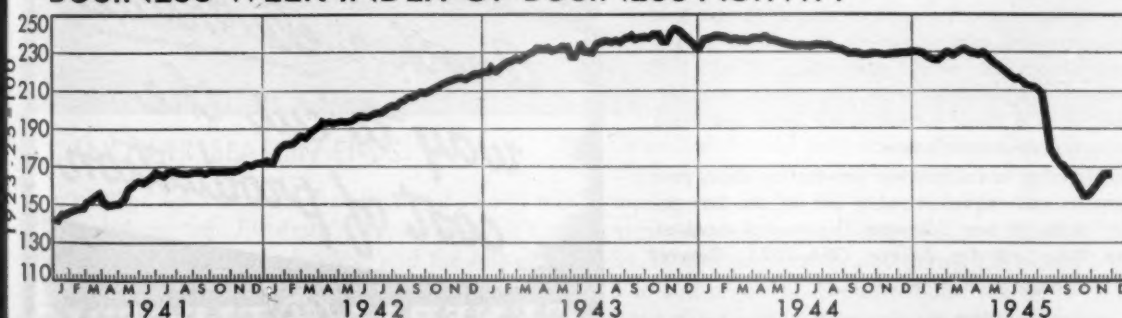
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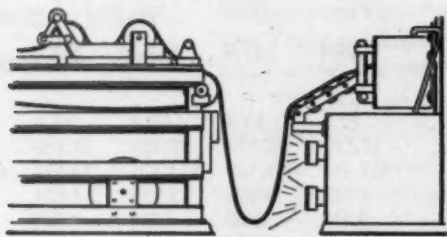
†Revised.

‡Ceiling fixed by government.

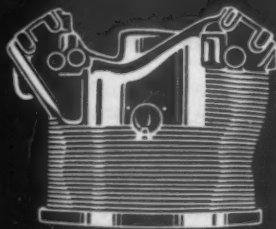
§Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY

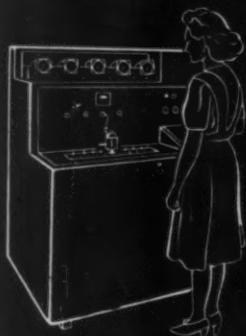




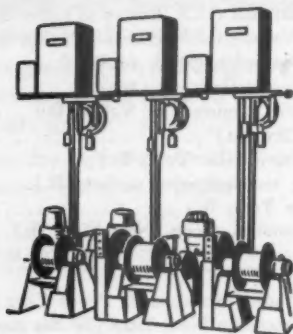
BREAKAGE CEASED, and so did pile-ups, when G.E. applied a new drive, "electric eyes", and Thy-mo-trol drive to this camel-back processing line. Result: production doubled.



35% LESS TIME is required for milling fins on aircraft cylinder-head forgings with a new machine tool equipped with Thy-mo-trol drive, which controls feed speeds precisely and keeps cutter loaded to the safe maximum.



TESTING GOES FASTER, and gives more accurate results, since Thy-mo-trol drive was applied to this test stand in an aircraft plant. Tachometers are tested at required speeds by a simple turn of a dial.



A 200% INCREASE IN OUTPUT, in this wire-rewinding operation, resulted from changing to G-E Thy-mo-trol drive. Now, while the coil diameter is building up, maximum safe winding speed is uniformly maintained.

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Here is an electronic production tool that is being used on a wide variety of industrial jobs to provide stepless, dial-set adjustment of speed, to maintain constant speed, and to provide the correct torque characteristics for each application. What G-E Thy-mo-trol drive does is to give you all the advantages of a direct-current motor while operating on alternating-current power.

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Buy all the BONDS you can—and keep all you buy

Another electrical way to cut the cost of production

GENERAL ELECTRIC

CPA Attacks the Bottlenecks

WPB's successor, surveying the items that are currently scarce, hopes to head off the shortages that haven't yet interfered with reconversion. Manpower continues to be a vital factor.

When the war ended, it was generally believed that the War Production Board would be able to breeze through its remaining job—reconversion. Weren't the cutbacks terrific? Wouldn't labor be storming the factory gates for jobs? Wasn't OPA ready for the peacetime goods with a reconversion price formula?

• Answer Is Yes, But—In most cases, the cutbacks were "terrific"; they wiped out shortages of things such as copper, aluminum, and phthalic anhydride practically overnight. But peacetime demand for things such as textile machinery, steel sheet and strip, mechanical presses, and underground coal mining machinery has swamped existing facilities.

Considerable manpower was released. But many workers, especially women, left the labor market; others can't reconcile themselves to a big cut in take-home pay; still others balk at entering unpleasant-to-work-in, relatively low-paid industries, and some just went on vacation. So production of lumber, cotton goods, gray iron, charcoal, rosin,

and sodium bichromate is far below requirements.

• CPA Inherits Big Job—OPA did have a reconversion price formula. But, as might be expected, it can't always work out to the complete satisfaction of everyone concerned. So while differences of opinion are ironed out, time rolls on—and the expected flood of consumer hard goods must be pushed farther into the future.

Strikes, of course, have intensified reconversion shortages. The Civilian Production Administration, successor to WPB, has already warned that if stoppages tie up basic industries such as coal or steel, many controls may have to be restored.

CPA is not under any illusions as to the task ahead. Week by week it has seen reconversion problems blossom and multiply. Week by week, as a corollary, it is hearing a rising tide of complaints about the shortage of this and that.

• Survey of 50 Short Items—As a result, the CPA staff is now reviewing approximately 50 items—materials, com-

ponents, and products—that are in various stages of scarcity. Although the study won't be completed for another week or two, certain inferences can now be drawn.

With the exception of gray iron castings and certain building products, such as hardwood flooring, today's shortages are not, of themselves, blocking reconversion. One of the scarcest items, for example, is natural rubber. But output of rubber products hasn't been cut off as a result; the use of synthetic rubber, together with general conservation measures, takes care of that.

• Orders Duplicated—Although there have been numerous charges of a sellers' strike because of low ceiling prices or because manufacturers find it more profitable to hold their output for sale when the excess-profits tax won't apply, CPA investigations thus far have failed specifically to confirm such charges. It's hard to prove them. CPA would welcome an example it could nail to the wall for all to see.

With strikes widespread and additional ones ahead, manufacturers are duplicating orders, thus aggravating reconversion demands or at least making the situation look worse than it really is. The extreme tightness in steel sheet and strip is a case in point.

• Construction Setback—Although some of the currently short items may not be blocking reconversion today, they will do so next year unless supply is



AND ANOTHER SEASON ENDS

Having chalked up a world's record haul of 18,543 tons of iron ore in one trip, Pittsburgh Steamship Co.'s giant ore carrier, the Benjamin F. Fairless, and the rest of the Great Lakes ore and coal fleet began tying up this week as their 1945 season came to an end. Grain carriers will operate until Dec. 15 when ice closes shipping on the

Great Lakes until next spring. Over-all tonnage of grain shipped in the '45 season may run as high as 17,700,000 tons against 16,280,880 moved the previous season. Shipments of ore, however, were off more than 6,000,000 tons; 84,700,000 tons were hauled during the season just ended. The end of the season also found the lakes' coal movement about 5,000,000 tons short—with coal strikes blamed —of last season's total of 55,491,459 tons.

increased. One of the best examples is building materials. To meet the over-all construction goal of about \$7 billion in 1946, some 40% to 50% higher than this year's estimated total, output of gypsum board and lath must go up about 25%, brick 30%, cast-iron soil pipe 65%.

In fact, CPA's study of scarcities is primarily directed toward seeking out and forestalling the bottlenecks that threaten in the future. To do that, present shortages must be understood for what they are now—whether they reflect insufficient labor, low wages, dependence on imports, a temporary bulge in demand—and remedial action instituted.

• **High Spots in Survey**—Some of the materials, components, and products being looked into include:

Lumber—A two-month old strike in the northwest woods, one of the two most important producing areas, has upset production calculations. Before the strike, it was estimated that 7,000,000,000 b. ft. of lumber would be produced in the present quarter. Estimates now run some 15% lower. As a result, current stocks of less than 6,000,000,000 b. ft. won't increase as originally expected and next year's construction program is thereby endangered.

Natural rubber—Until rubber organizations in Java, Malaya, and Sumatra are rebuilt, no substantial increase in the current supply—chiefly from Ceylon, Africa, and Latin America—is looked for. Together with a shrinking stockpile, this new supply is sufficient to cover essential needs for the manufacture of tires and other products that require varying amounts of natural rubber. Rubber will remain under international allocation by the Combined Raw Materials Board for an indefinite period.

Tin—Like natural rubber this is a product industry would like more of; but the shortage isn't holding up reconversion. Strict control plus conservation is stretching the supply (BW—Sep.22'45,p19). New receipts will continue to lag behind essential needs next year, with our stockpile continuing to fill in the deficit. Priorities assistance has already been extended for machinery and equipment needed in the Far East producing areas. It will probably be a long time before adequate shipments begin.

Gray iron castings—It is just as difficult as ever to get manpower into the foundries and operations are still way below capacity. CPA recently gave producers preferential treatment for machinery and equipment to increase output through mechanization and modernization—conveyor systems, dust collectors, air-conditioning units. The

shortage is serious because gray iron goes into practically all reconversion products (BW—Oct.13'45,p36).

Cotton goods—Output is now at the rate of 2,200,000,000 linear yards quarterly, although requirements could absorb almost the industry's complete capacity—approximately three billion yd. per quarter. Close to this total was turned out in the second quarter of 1942; but manpower shortages, the result of low wages, have cut into operations. With Great Britain exporting a fraction of prewar volume and with Japan out of the export market entirely, the pressure of world demand falls on



FLOWERS FOR THE DEPARTED

The makings of a fragrant mystery blossomed at OPA last week when a floral tribute to bygone food rationing was trotted in by a messenger, with photographers close at his heels, and entrusted to secretary Mary Brown (above). Without a card, bearing only the inscription, "Gone But Not Forgotten," the piece is a reconversion phenomenon which Price Administrator Chester Bowles is pondering between congressional hearings.

domestic mills. A strike is possible early next year, thus delaying the prospect of relief before the latter part of 1946.

Lead—Because of labor shortages in the mines and the exhaustion of domestic reserves, imports to supplement our needs are imperative. Moreover, Europe is now competing with the U. S. for the world supply, thus adding to the diffi-

culty of meeting our requirements. Estimated new supply of 255,000 tons this quarter (including imports of 60,000 tons) is strictly allocated for automotive batteries, collapsible tubes, tetraethyl lead, and chemicals. The stockpile is now only about one-fourth its size in 1943 (276,000 tons) and would be gobbled up in about a month if demand were unrestricted.

Brick—Although interagency action has helped (BW—Nov.10'45,p21), brick still has a long production road ahead. From an estimated output of 630,000,000 brick in the current quarter, output must average 800,000,000 quarterly next year to maintain construction hopes. More manpower is needed to augment production of plants now operating and to reopen new ones.

Cast-iron soil pipe—The required step-up here is even greater than brick—from an estimated 50,000 tons this quarter to a quarterly average of 85,000 tons next year. Helped by a price increase from OPA, producers were able to offer higher wages and shipments have increased smartly. The question is whether the favorable trend will accelerate in the months ahead as expanding construction requires ever-increasing quantities of soil pipe.

Penicillin—Output has turned downward recently. One of the reasons is the relatively poor grade of corn available for corn-steeped liquor, used as a food for growing penicillin mold. In about a month, a better grade of corn is expected to be available, thus reversing the production curve. Meanwhile, foreign demand has so piled up that hospital requirements have been frequently lost in the shuffle. CPA recently reimposed controls so as to give hospitals preferential treatment.

Corundum—The supply of corundum, an abrasive used in optical work and to rough-grind billets and heavy castings, comes from South Africa. Mine labor there is reportedly short and ore reserves have been depleted by heavy wartime demand. The shortage will continue indefinitely; thus controls are being continued so as to meet essential needs.

Sodium bichromate—This chemical goes into the process of chrome plating and leather tanning. If enough labor could be recruited, existing facilities could probably meet demand. For the present, a major pinch has been averted by the shutdown of General Motors, one of the big users of chrome plating.

Rotenone—This is an insecticide with agricultural applications. Like tin and natural rubber, a sharp expansion in supply must await the rebuilding of supply sources from Malaya and the Netherlands East Indies.

Sodium phosphate—The shortage of

Truman at Grips With Labor

Despite union leaders' bitter opposition to proposed fact-finding machinery, U.A.W. may have to accept President's program as best way out of its difficulties in the General Motors strike.

With hopes—if not expectations—dashed by failure of his Labor-Management Conference to work out some plan for settling labor disputes, President Truman reluctantly went into action this week. He asked Congress to enact an industry version of the Railway Labor Act and to set up interim fact-finding machinery to consider automotive and steel industry disputes.

• **Acts in Desperation**—It was a last-resort move for the White House, and it was timed to snatch the legislative ball away from a Congress which during the labor-management parley had been drafting bills calling for drastic curbs on organized labor, readying them for introduction last Monday.

The President grabbed the play by announcing early in the day that he was sending a labor message to Congress, and then, with his labor advisers, rushed a statement to completion. But if he had hoped that labor would be pleased by his effort to save it from tougher regulatory measures, disillusionment was speedy.

• **Bitter Attack**—First, William Green, A.F.L. president, and then in quick succession John L. Lewis of the United Mine Workers and Philip Murray of

C.I.O., lashed out at the President's proposals as intended, in the words of Murray, "to weaken and ultimately destroy labor union organizations" by taking away their freedom to strike.

This was C.I.O.'s bitterest attack against government policy since 1932, marking the culmination of that union's mounting dissatisfaction over Truman's labor and social program.

• **Principle at Stake**—Management, too, was cautious but unenthusiastic, although some of its representatives at the President's conference had done considerable plugging for fact-finding machinery.

Primarily, management—as well as labor—had one very important principle at stake. The President's proposal stated specifically that fact-finding boards should be given the right to subpoena individuals or records bearing upon any issues in dispute. That would mean that jealously guarded corporation books could be forced open on the demand of labor.

• **Capitol Hill Approves**—Refusal of G.M. to open its books to inspection has been one of the principal points in dispute between G.M. and the United Auto Workers, and other cor-



Close collaboration between William Green, A.F.L. president (left), and John L. Lewis, head of U.M.W., so evident during the Labor-Management Conference, continued after the parley's close as both lashed out bitterly at the conference's byproduct—President Truman's proposal for labor legislation.

fats and oils resulted in greater-than-normal demand for this item in soap and other detergents. If manufacturers can get more fats and oils, they will be able to cut down on the use of sodium phosphate, which has a bearing on detergent action. It is still too early to evaluate that possibility; fats and oils went off the ration list only a short time ago.

Antimony—The best chance of alleviating the scarcity here lies in China. About 17,000 tons of antimony there are owned by the U. S., part of the security for a loan. However, the antimony is mixed in with tin and tungsten, which represents additional security for the same loan. More important, this metal is not in one place—it was scattered around the country in the interests of safety during the war and is now a case for the treasure hunters. From time to time, a few hundred tons are uncovered and then flown to India, from where it is shipped to this country. Controls still govern use of the metal and, obviously, it's hard to tell when they'll be lifted.

Mechanical presses—When the war ended, industry rushed to place orders for mechanical presses, used in metal-forming work. They are one of the keys to mass production and the difficulty of getting deliveries has probably resulted in considerable over-ordering. In conjunction with the Surplus Property Administration, CPA is trying to get needed presses that may still be in the hands of Army and Navy contractors. Plants not now using mechanical presses are also being asked to put such equipment on the market.

Coal mining machinery—Cutting and loading machines, shaker conveyors, and locomotives for underground use, are all needed by the coal mining industry. It seems to be a components problem. Builders can't always get the kind of anti-friction bearings they need; nor can they get enough high-speed chain, and electrical controls, and motors. Part of the trouble is attributable to strikes in the plants of the producers of components.

Rosin—This product, which has a host of uses—from the production of soap, paper, and paint to the manufacture of synthetic rubber and chewing gum—didn't come under control until late in the war, in February this year. The government started out with a handsome stockpile of 1,600,000 bbl. (equal to about 1944 output), a legacy from a program of subsidizing rosin producers. But this is all gone now, and conversion demand must be met out of current production, which is lagging behind, again because of labor shortages. It's tough work and doesn't pay very much.

porate managements share G.M.'s determination to keep figures on industrial operations a private matter.

Almost universal approval of the President's proposals came from only one quarter—Capitol Hill, where the Senate and House had been hoping for the Truman leadership which Secretary of Labor Lewis Schwellenbach had promised would be forthcoming if the Labor-Management Conference failed to bring results (BW—Dec. 1'45, p98).

The program might pile-drive through the House before Christmas, but the unions can be expected to put strong and effective pressure on the Senate. Hence, it is unlikely that the President will have his complete fact-finding legislation holiday-wrapped under his White House Yule tree.

• **What Truman Proposes**—Boiled down to its essentials, the President's proposal called for legislation which would cover only major disputes in such industries as steel, automobiles, aviation, mining, oil, utilities, and communications.

It would provide that whenever collective bargaining breaks down and conciliation fails in major disputes, the Secretary of Labor may certify to the President that intervention is needed to protect the national public interest.

That formal certification would automatically bind labor not to strike, and management not to alter wages or conditions of employment for five days during which the President would appoint a fact-finding committee, 20 days during which the committee would study presentations by both disputants, and an additional five days after board deliberations have closed.

Most of labor's objections are aimed against this requirement of a strike-free 30-day "cooling off" period.

• **Bid for Public Opinion**—The fact-finding committee would be charged with reporting its findings, or recommendations, but the disputing parties would not be bound legally to accept the board's solution. Actually, however, public opinion would be expected to crystallize behind the board's recommendations and—as it works out in the railroad cases handled under the model Railway Labor Act—there would be a general tendency to accept the board's findings, or to resume bargaining on the basis of its recommendations.

The whole procedure would be used sparingly, and not at all—as the President emphasizes—in "small industries or to small labor disputes in large industries." The reason is clear. If all labor disputes were turned over to fact-finding machinery, the result would be new confusion and the growth of a profusion of new bureaus. Collective bargaining would break down.

Truman's legislative program was ac-

companied by a request that, pending congressional action, General Motors Corp. and the United Automobile Workers in the current strike and United States Steel Corp. and the United Steelworkers in their pending dispute accept the operation of this federal fact-finding machinery.

• **Demands Return to Work**—The G.M. situation is made particularly complex by the fact that with a strike in effect, official fact-finding is being initiated belatedly. Historical precedent is that the fact-finding principle is a device for averting stoppages. To get around that, the President demanded that U.A.W. strikers return to work before the start of panel hearings. He did not preclude fact-finding if the workers refused, but there was little doubt that if strike pressure continued panel deliberations would be painfully slow.

U.A.W. strike leaders, particularly R. J. Thomas, president, and Walter Reuther, vice-president in charge of the union's G.M. division, said that if the decision were in their hands, they would refuse to return to work. Actually, it is up to 250 rank-and-file representatives of striking locals, convening in a hastily called meeting in Detroit this week end, but these men can be expected to follow the union leadership.

• **Fact-Finding Favored**—In principle, U.A.W. leaders say that they are by no means opposed to fact-finding, point out that they have asked a 14-member public board to consider the merits of their dispute with G.M. They are, however, suspicious of the present proposal. There is no doubt in their minds that it was worked out with the knowledge of management men, and, in an effort to prove that, they quote a prediction broadcast two days before Truman's announcement by Eric Johnston that, while the Labor-Management Conference failed to act on fact-finding, "We are going to hear more about this technique." Union leaders were not consulted, were caught in flatfooted surprise by the Truman proposal. Before they accept it, they want to know whether Johnston was speaking with foreknowledge or foresight.

• **Depends on the Answer**—What the U.A.W. rank and file "choose" to do may well depend on whether a satisfactory answer is had, one that will be convincing enough evidence that fact-finding can produce at least as much for U.A.W. as a standpat attitude in its G.M. showdown fight. A similar attitude is being taken by Murray's United Steelworkers of America, which referred the question to a special session of its policy committee, meeting next week in Pittsburgh.

Although it is not a direct part of the

new Truman program, one test of how fact-finding works was under way: the oil industry wage dispute hearing before a three-man committee which the President named as a result of last October's strike (page 98). The strike was inauspicious, bogged on the issue of access to company profit figures.

• **Not a Parallel Case**—In many quarters, there is doubt whether any fact-finding plan is as efficacious as the President hopes. The mere fact that his program has some similarity to the Railway Labor Act, and that the latter has worked well in holding down railroad strikes, is not sufficient answer.

There are certain sharp differences in the two. The Railway Labor Act was not drawn up by government, but by railroad brotherhoods and railroad managements. The mature brotherhoods have a better record of discipline than the industrial unions. And the railroad industry, as a public utility, can make no secret of its cost data and financial records.

• **Sharp Contrast**—Even more important, the fact-finding machinery and "cooling off" period in the railroad statute are only links in a chain of procedure which requires well-defined bargaining steps before disputants can avail themselves of the aid of federal fact-finders. Thus, collective bargaining cannot be sidestepped.

Most vital of all, however, is the long record of close cooperation between unions and management in the railway field. No such historical background of good labor relations exists in other industries. Particularly sharp is the contrast between the railroads and the embattled auto industry.

Witness, for instance, the week's maneuvering between G.M. and U.A.W. Late last week came G.M.'s offer to operate bottleneck parts plants exclusively for the needs of competing companies. Although U.A.W.'s R. J. Thomas only a week before had said the union was considering making the same proposal (and had predicted G.M. would say no to it), he hotly denied responsibility for a letter, with his signature, which said the G.M. offer was a "welcome surprise" and "I shall, of course, accept the offer."

• **Locals Raise a Row**—When the letter was publicized, the reaction from a number of key U.A.W. locals in parts plants—that callback of some members to work on competitive parts while others remained idle would lead to more internal difficulties for U.A.W. leaders—was so hot that Thomas hastened to tell a press conference that he had not seen the letter before it was mailed, and had not been consulted on it.

Why G.M. should make the offer

N.A.M. Sizes Up the New Era

Discussions by manufacturers, unified by present problems, reflect spirit of confidence. Robert R. Wason, known as a maker of slogans and policies, is elevated to organization's presidency.

The gales of worldwide unrest roared around the towers of New York's Waldorf-Astoria Hotel this week where the National Assn. of Manufacturers held its fiftieth annual convention. A host of redeployed industrial specters stalked beside delegates in cocktail bars, banquet halls, and conference chambers.

Labor was on a rampage. The struggle toward reconversion was hampered by persisting material shortages. Chaos abroad stymied foreign markets, encouraged the advance of socialistic programs.

And New York still echoed to British Laborite Harold J. Laski's speech attacking capitalism in general and American capitalism specifically.

• **Unified, Confident**—Only apparent effect of these difficulties was to draw the 4,500 manufacturers more closely together. Other factors gave a spirit of confidence to discussions of peacetime changeovers. It was the first N.A.M. meeting since the war and it marked a definite loosening of governmental hobbles. Moreover the New Deal seemed a thing of the past. There was a decline from the usual number of speakers from Washington and an obvious shift in N.A.M. appeal to the general public.

To members not on the inside of N.A.M. politics, the election of the new

president provided a major surprise of the convention. The dark horse was Robert R. Wason (see cover), president of Manning, Maxwell & Moore, Inc., New York.

• **Reconverter**—Wason earned the respect of top N.A.M. officials by his work as head of the organization's reconversion council and as chairman of its advisory committee on economic policy. He admits that he was as surprised as anybody when the N.A.M. presidency was offered him—which illustrates his modesty and his reluctance to dramatize his abilities.

The delegates discovered Wason to be a man of 57 years, of medium height, with a barrel chest, a clean style of articulating clear ideas, a wide and ready smile. He is a fervent advocate of established N.A.M. policy. He is certain that the American system of free enterprise is superior to all rivals; that, after winning two wars, it becomes the only hope of winning the peace.

• **Maker of Slogans**—Wason has the advertising man's knack of putting his convictions into striking phrase and ringing slogan.

He salts his oratory with sweeping illustrations from the economic errors of all nations. Thus: "France lost its birthright with Leon Blum's New Deal." "Every American knows that

the subject of wide discussion. On the surface, it seemed to play directly into the hands of the U.A.W. policy of "divide and conquer"—by striking one company while helping its competitors to maintain full production.

Behind G.M. Action—Fact is, however, that there are several reasons for making the offer: (1) G.M. competitors would not be greatly aided as long as mass and bearings strikes continue, (2) from a public relations standpoint the offer countered U.A.W. claims that the onus of the strike is on company and not union, (3) if the union accepted or if it refused, one bloc of workers or another would be riled by the union leaders' decision.

Meanwhile, G.M. announced negotiations were being resumed with U.A.W. without government assistance. The company pointed out that, if such stumbling blocks as union use—or abuse, as G.M. charged—of picketing would be surmounted, there was nothing to prevent going on with wage discussions.

U.A.W. on Defensive—On another front, negotiations between the union and Chrysler were broken off without an agreement being reached on extension of an existing contract. Result is that 60,000 Chrysler U.A.W. workers are without a contract. Despite that, strike action now is unlikely.

All told, the week's developments put U.A.W. definitely on the defensive—much so that many believed the union might accept Truman's proposal that as the best way out of a bad situation, the best way out of avoiding the direct loss of a strike.



for its crowded program, the Golden Anniversary Congress of the National Assn. of Manufacturers, held in New York this week, drew on a wide array of leadership, unified by (left to right) such N.A.M. industrialists as Cloud Wampler, Carrier Corp. president, dealing with management's responsibility to the public, and Frederick

C. Crawford, head of Thompson Products, discussing management's responsibility for full employment; such public figures as President James B. Conant of Harvard, who conducted a forum on atomic energy; and Capt. Harold Stassen, U.S.N.R., G.O.P. presidential prospect, who addressed the dinner on America as a world power.



CALL TO WASHINGTON

Herman W. Steinkraus, president of Bridgeport Brass Co., is now reported to be slated for election next May to the presidency of the Chamber of Commerce of the U.S. Like Eric Johnston, who has become movie czar during his fourth term as chamber head, Steinkraus (55 on Dec. 16) takes a special interest in labor relations, was a delegate to the Washington Labor-Management Conference, is a veteran of the first World War.

monopoly is bad, including the legal monopoly that labor enjoys." "In normal times American manufacturing alone supplies 25% of the jobs, but takes 100% of the abuse for unemployment."

Associates of Wason, realizing that his formal education ended with high school, are frequently puzzled by the breadth and depth of his economic ideas. The answer is that Wason is a tireless reader, that he avidly absorbed information during the years of argument among the top-rank economists comprising his N.A.M. committee on economic policy.

• **Success Story**—Wason's is a good, old-fashioned, rags-to-riches success story. He was born "in great poverty" at Ashtabula, Ohio, of Scotch-Irish parentage. His father was a building contractor. At eleven Wason got his first job, delivering groceries, wages \$1.25 a week.

As a young man he worked as a sailor on the Great Lakes, sweated as a longshoreman (and a member in good standing of the union). He knows what

it means to be laid off without notice as winter sets in. He believes in unions as a means of protecting labor.

• **From the Docks**—It was a big day when young Wason got a job operating a Brown hoist to unload ore at a wage of \$80 monthly. But he was sharp enough to realize the limitations of the muscle market. Wason shifted to a job as newspaper reporter, switched to the advertising staff.

For years thereafter he progressed in advertising, sales planning, and merchandising with headquarters in Cleveland and later in Cincinnati.

• **Into Manufacturing**—But New York bankers had spotted him. They lured him to New York in 1929, and in the teeth of the impending slump introduced him into manufacturing—as head of the Clark Lighter Co., makers of cigarette lighters. He was rescued from this spot by Colby M. Chester, chairman of General Foods Corp., and a power in N.A.M.

Chester was a director of Manning, Maxwell & Moore, which needed a president. In 1931, Wason took the job. The company makes cranes, hoists, valves, gages, control devices, and other instruments.

• **As a Merchandiser**—Wason's merchandising influence is seen in the company's distribution of a greater percentage through jobbers, in diversification, redesign, and new products. Sales volume in 1945 was \$27 million, is expected to level off to a postwar figure of \$20 million.

At this week's N.A.M. meeting Wason accepted the reins of leadership from the retiring president, Ira Mosher.

A highlight of the convention was the symposium on the future of the atomic bomb, presided over by J. Howard Pew, president, Sun Oil Co.

• **Employment Discussed**—Production and employment were discussed at a meeting under the direction of Ward M. Canaday, chairman, Willys-Overland Motors.

James H. McGraw, Jr., president, McGraw-Hill Publishing Co., presided at a key session on foreign policy and world trade.

Other major subjects with the chairman of the discussions were: industrial progress and legislative outlook, J. A. Hartley, president Braun Corp.; labor relations, Ray S. Livingstone, vice-president, Thompson Products; return of the heroes, J. P. Spang, Jr., president, Gillette Safety Razor Co.; what's ahead in government spending and taxes, Lewis A. Dibble, president, Eastern Malleable Iron Co.; patents and industrial research, R. J. Dearborn, president, Texaco Development Corp.; public relations, Colby M. Chester.

N.C.A.B.'s Debut

New organization of businessmen, with leftist program, hears OPA's Bowles praise "satisfying" as country's need.

A new national businessmen's association staged its coming-out party in New York this week on the eve of annual meeting of the National Association of Manufacturers. The infant outfit incorporated outgrowth of the businessmen-for-Roosevelt and Businessmen-for-Wallace committees of 1944. In 1945, now three months old under name of the New Council of American Business, Inc.

• **An Assist**—N.C.A.B. made its debut with an able assist from the Truman Administration. Featured attraction N.C.A.B.'s program was Price Administrator Chester Bowles, who told the group, "The country and American business need your crusading point of view and added some sharp stabs at the hackneyed pressure group slogan that what is good for business must be good for the country."

Next morning Bowles went uptown to tell N.A.M. to its face, "My recommendation of your leaders for removal of price control in 60 days is reckless in the extreme."

• **Elated**—N.C.A.B. made no attempt to hide its good fortune in getting Bowles to substitute for its originally scheduled speaker, Sen. Harley M. Kilgore, West Virginia Democrat. It felt that Bowles' twin appearances should boost N.C.A.B. on the map.

Incorporated last August, the N.C.A.B. Council didn't set up shop until last October with an organization meeting in Chicago. Most of the 100-odd charter members are veterans of the business groups which lobbied with newspapers for Roosevelt's re-election as President. Henry A. Wallace's confirmation as Secretary of Commerce, and which he combined in support of Bretton Woods. Their political taste buds thus whether they decided to adhere to project operations instead of following a career merely speaking in behalf of those businessmen who, on most issues, do agree with N.A.M. or the U.S. Chamber of Commerce.

• **Headed by Publisher**—First president of N.C.A.B. is George C. Hatch, general manager of the Intermountain News and publisher of the Ogden (Utah) Standard-Sentinel. Other officers are Wesley E. Sharer, executive vice-president of Wesley E. Sharer Associates, Chicago industrial designer; William L. Mass, secretary of Pacific

Equipment Co., Los Angeles; Jaros, president of Kompolite, New York; and Samuel Rubin, president of Faberge, Inc., New York. Executive director of the Washington office is H. L. McCarthy, for ten years national social security director in Wisconsin, Illinois, and Indiana, one time president of De Paul's college of commerce. C.A.B. calls itself the most conservative of all groups bidding for membership, but in the semantics of the day its program is considerably out of center.

Follows Truman Line—Its platform is almost identically that of the Truman Administration, favoring such things as "full employment," the 65-hour week, the \$25 minimum wage, the 36-weeks jobless pay plan, repeal of the Smith-Connally Antistrike Act, and the collective bargaining front, C.A.B. is for action along the lines of the McMahon mediation and arbitration bill, which is about what President Truman asked of Congress this

week, but is opposed to the Ball-Burton-Hatch compulsory arbitration proposal.

The original membership passed the 300 mark in November and McCarthy says he is confident of reaching the first established goal of 1,000 by Feb. 1, 1946. He characterized the membership as being chiefly in the 800 to 1000-employee class, with the biggest member to date the employer of only 5,000, and heaviest enrollment in the Middle West, but with New York and Los Angeles chapters growing.

• **18 States Represented**—The membership list shows 18 states represented, nearly all in the northern tier of states, although Louisville, Atlanta, and Dallas are represented.

Membership eligibility includes retailer, distributor, and manufacturer, and the price of admission ranges from \$50 to \$500 annually on the stated net worth of the joining company. Individual and professional memberships also are offered, at from \$25, for associates, to \$500-\$1000 for sustaining.

Air Rate Row

Pan American boosts fare to London after British protest reduction. Whole question will be aired at 1946 conference.

Transatlantic air competition fought its way through a stretch of bumpy weather this week but is apparently in the clear again now.

• **Fare Raised \$100**—Pan American Airways, after being forced by the British government to cut its New York to London schedule from five to two flights a week when it reduced one-way passenger fares to \$275, has agreed to boost them to \$375, the established prewar rate in an agreement which Pan Am officials had with the British government.

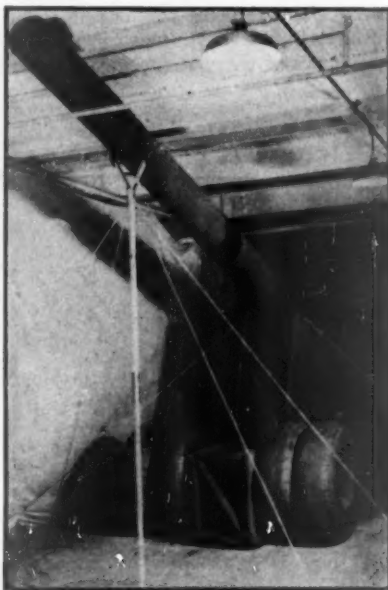
The principal competitors—American Overseas Airlines (formerly American



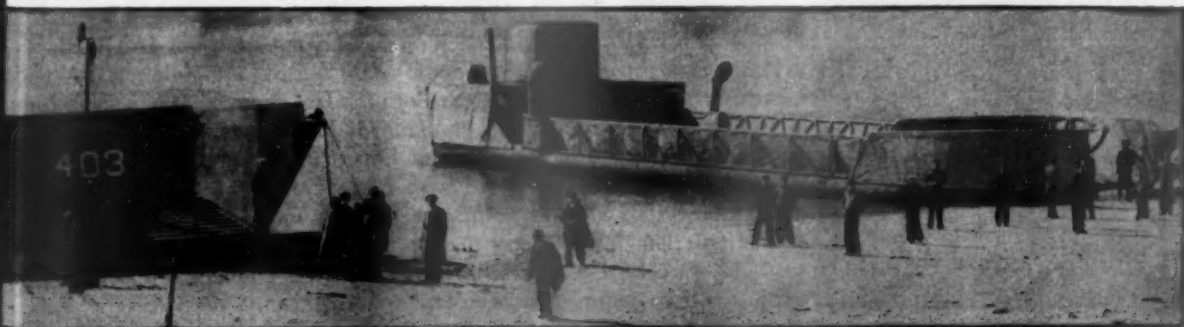
PORTABLE DECOYS TO LURE THE ENEMY

to fight but to befuddle were today's full-scale replicas of the old things. Old hands at producing balloon figures for parades, today's workmen used much of the technique in creating landing

barges (below, right) that—at all but close range—were hard to distinguish from steel ones. Inflated on the beaches and laden with rubber tanks (above) and guns (right)—complete down to phony tires—the barges were



useful to draw fire from actual invasion operations. The air-filled "hoaxes," including planes and Bofors guns, even had kits for "punctures."



Export Airlines) and British Overseas Airways Corp.—so far are continuing to charge \$572, the going rate for all lines during the war.

Both A.O.A. and Pan Am have now been granted the right to fly seven trips a week. B.O.A.C., because of a current shortage of planes, probably will continue for some time on the present schedule of one flight a week. Ultimately, the British are sure to take up their option of flying the same number of flights over the route as the total that has been granted to the American operators.

• **To Consult on Rates**—Most important long-term aspect of the squabble is the tacit agreement growing out of the case that all operators flying over a single route will henceforth consult on all questions of rates and schedules, rather than attempt to enforce unilateral action.

The International Air Transport Assn., created at the Chicago international air conference a year ago to centralize the handling of all jurisdictional issues among the operators in international services, has recently set up a series of regional control organiza-

tions similar to those which have long existed in the steamship field.

Participants in the recent controversy are all to become members of the North Atlantic Conference, which will hold its inaugural sessions early in 1946. At this meeting, all lines operating over the North Atlantic will be expected to air their views on existing rates. If Pan Am can prove at that meeting that it can operate without a subsidy on a one-way fare of \$275, presumably it will have a chance to reinstate that rate. It is certain now, however, that the rate adopted at that conference will be made uniform for all operators on that run.

• **More Competition**—Only three operators fly the North Atlantic now, but the number is expected to grow next year.

Transcontinental & Western Air, Inc., is already flying its second survey trip over the run and, unless the newest effort of Sen. Pat McCarran to reduce American transatlantic operations to service by a single "chosen instrument" is successful, others may apply for the right to fly this heavy traffic route.

Both the Dutch and the French flew

extensive, long-distance commercial lines before the war, and recently Swedes have been extending their commercial air network. These and other continental European operators are expected to enter the competition as soon as planes are available.

Steel Strategy?

Eastern efforts to obtain lower rates for shipments to the West Coast are believed inspired by West's hopes for own industrial

Western steel as an integrated industrial entity is an unfinished jigsaw puzzle with some pieces still missing and others widely scattered. The next fragment has turned up at Buffalo, N. Y., where the Central Freight Assn. next week will hear an application for 25% lower freight rates on steel from inland points to the Atlantic Coast for water shipment to the West Coast.

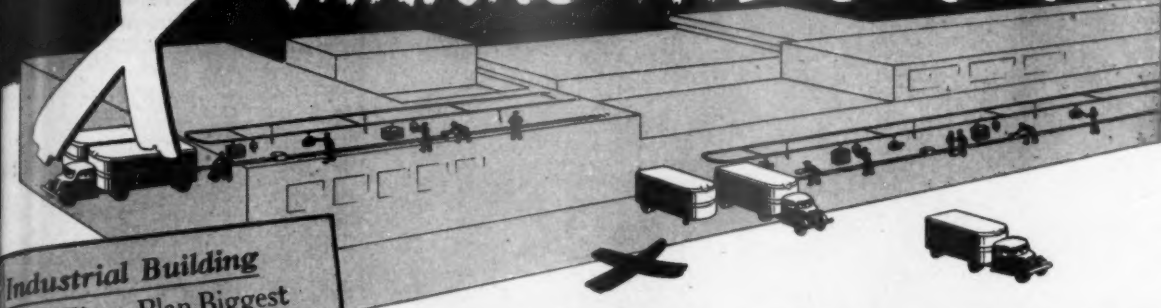
Such a reduction would tend to pull inland steel-producing centers there-



"PATIENCE AND FORTITUDE" PAY OFF

For five years bossy, vituperative Fiorello La Guardia, outgoing mayor of New York City, has entertained the citizenry in weekly broadcasts over municipal station WNYC, with advice on how to cook a rib roast, beat the black market, bring up children, and—during last summer's newspaper strike—with a reading of the comic strips. His broadcast benediction, "patience and fortitude" became a catchphrase. This week the Little Flower turned his squeaky voice to profitable account, signing up with American Broadcasting Co. for a 15-minute weekly program of free and fancy commentary at 9:30 Sunday night beginning Jan. 6. The contract is on a sustaining basis, but La Guardia probably will never deliver an unsponsored broadcast. At midweek half-a-dozen sponsors were actively interested. Both the Hat Corp. of America and John F. Stetson Co. were reportedly thinking of hitching themselves to the broad black sombrero which earned La Guardia the pseudonym, "The Hat Man." But La Guardia finally signed with Floyd Odlum's Liberty magazine for \$2,000 a week. This is big money for a newcomer to radio commentary, though well below the top money makers: Walter Winchell (some \$7,200 a week); Drew Pearson (about \$4,000). Unhandsome, but a famous mugger, La Guardia should be tops for American, come television.

"X" MARKS THE SPOT!



Industrial Building U. S. Firms Plan Biggest Peacetime Program of Construction in History

Some to Build Nearer Major
Markets; Others Will Move
To Better Labor Sources

Layouts Will Be Streamlined

By JOSEPH M. GUILFOYLE
American industry is preparing to spend
hundreds of millions of dollars on the biggest
peacetime plant construction program in his-
tory.

"Never in my 35 years experience in the
business have I seen so much work in pro-
gress," remarked an official of a leading com-
pany, "It is a new era."

THE MONEY INVESTED in constructing or remodeling a factory or warehouse will bring a greater return when those spots marked "X", the shipping and receiving docks, are properly located and designed. Only in this way can full advantage be taken of the services that Trucks and Trailers are capable of delivering today.

As Mr. Guilfoyle states in Wall Street Journal: "Industrial engineers today tailor-make new factories to meet the special needs of the individual plant. The manufacturer's production process and layout are studied, then the building is designed to fit. This reverses the old-time

**YOUR TRAFFIC MANAGER, PURCHASING AGENT, SALES
MANAGER, TREASURER AND MANY OTHER DEPARTMENT
HEADS ARE INTERESTED IN WHAT GOES ON AT "X"—
IT'S THE SHIPPING AND RECEIVING DOCK!**

procedure when production lay-
outs were made to fit existing
building facilities."

Traffic Manager Knows

On the committee which plans your new building and new facilities, your Traffic Manager should have a prominent voice. He knows the importance of designing transportation directly into the business.

Today's conception of a delivery program for a manufacturing plant, for example, includes the elimination of costly stockpiles. In many typical straight-line production plants, parts and materials are carried over the highway by Trucks and Trailers and delivered directly to the conveyor lines, close to the points at which they are required in manufacturing and assembly processes.

Receiving and shipping docks are spotted—often inbuilt—so that internal hauling and con-

gestion are eliminated. Platforms are at the proper height, so that lifting and lowering to and from vehicles are minimized. Manual handling is supplanted by mechanical devices. Vehicles need not wait.

Frequently the employment of a shuttle system, by means of which one Truck handles three or more Trailers, saves time and expense.

Don't Overlook that Spot Marked "X"

Rarely does a business have the opportunity of redesigning its facilities to efficiently meet its current and future requirements. This opportunity is here today, as is clearly illustrated by Mr. Guilfoyle when he states, "From here, it looks like 1946 will break the previous record (for construction) of more than six hundred million dollars in 1920".

**In your planning don't over-
look that spot marked "X"!**

WORLD'S LARGEST BUILDERS OF TRUCK-TRAILERS
FRUEHAUF TRAILER COMPANY • SERVICE IN PRINCIPAL CITIES
DETROIT 32



are easy on the carbon bond.

F-10 Alorco Alumina is high in purity, low in soda content—.1% or less. It is used widely in dehydrogenation work for breaking the carbon-hydrogen bond. Yet, in this reaction, it is easy on the carbon-carbon bond.

Alorco Aluminas, suitable for catalytic work, are available in the forms listed here. You may obtain samples for trial in your own plant; write to Aluminum Ore Company, Subsidiary of ALUMINUM COMPANY OF AMERICA, 1935 Gulf Building, Pittsburgh 19, Pennsylvania.

ALUMINAS FOR CATALYTIC PURPOSES

ACTIVATED ALUMINAS (F SERIES)

These aluminas produced from crystalline aluminum tri-hydrate are catalytically active. Hard granules are available in graded mesh sizes up to one inch. Various grades are distinguished by surface area, porosity and soda contents as low as .1%.

ACTIVATED ALUMINAS (H SERIES)

These aluminas are largely amorphous. They have high surface area and sorptive capacity, high resistance to heat and live steam. Experimental lots are now available in minus-20 mesh particles or as spherical balls $\frac{1}{4}$ " to $\frac{1}{2}$ " in diameter.

TABULAR ALUMINAS (T SERIES)

These aluminas are a form of corundum, having high strength and resistance to abrasion. They are unaffected by high temperatures. They are available in graded mesh granules up to 1" and as spherical balls $\frac{3}{8}$ " to 1" in diameter. Balled forms have porosity of either less than 10% or approximately 30%. Granular forms may have porosities of approximately 40%.

OTHER ALUMINAS

Hydrated Aluminas, C-700 Series, have particles less than .5 micron. They become active after being heated to approximately 300° C. Monohydrated Aluminas, D Series, have particles approximately one micron in diameter. They are substantially inactive catalytically but have considerable porosity.

ALUMINUM ORE COMPANY



Aluminas and Fluorides

cally that much closer to the western market—barring blanket rate increase.

• **Another Proposal**—There is talk, too, of a move to cut intercoastal water rates on steel. Originating with western steel users, this move would have the support of eastern producers who, unlike U. S. Steel and Bethlehem Steel, do not operate their own steamship lines.

Hence both proposals have a bearing on the shifting of the steel forces to the Pacific Coast, and in effect work cross-purposes with their deep-sea urge for self-sufficiency. As a matter of fact, to keep the western market for the West's own producers, Henry Kaiser is reported to be quietly pushing for higher Panama Canal tolls.

In the over-all picture the ultimate disposition of the government's \$2 million Geneva steel plant at Provo, Utah, remains a determining factor (BW-Jul. 21 '45, p. 15).

• **Question of Freight**—Inextricably linked with the Geneva problem is the matter of freight rates. West Coast steel prices today are weighted with phantom freight costs. Its basing-point quotations are arbitrary figures reflecting eastern prices plus rail and water transport charges. The West wants prices to reflect production costs.

And, at least in the case of Geneva, situated a long way from consuming markets, lower rail rates are sought to meet the eastern competition.

In the past six months the Pacific Coast has witnessed a substantial alignment of its steel forces—reflecting the growing market there for steel products and the competitive steps to meet any ultimate development in the western steel picture.

• **Expansion on the Coast**—Columbia Steel, western subsidiary of U. S. Steel, has well under way its plans for a \$5 million addition of tinplate and cold strip facilities, as well as extension of wire production facilities, at Pittsburg, Calif. (BW-Aug. 18 '45, p. 40).

Bethlehem Steel, with a new subsidiary, created from its Pacific Coast operation, has announced plans for an \$8 million expansion of its southern California plant (BW-Oct. 27 '45, p. 33), widening the range of its merchant mill and enlarging its Seattle plant to meet and bolt capacity which is large enough to supply the entire Coast.

Kaiser Co.'s Fontana steel mill is expanding its range of products with new Reconstruction Finance Corp. loan of \$11,500,000.

• **Operations Mechanized**—American Forge financial interests have taken over the entire financial responsibility of the San Francisco Bay region's independent Pacific States Steel Co., which is revamping and mechanizing



ACCESSIBLE... THAT'S THE GULF SOUTH

The pulse of industrial America... the throb of world trade... beat faster in the Gulf South. The Gulf South commands—by its location and resources—the rich markets of America and Latin-America. Manifold transportation facilities... rail, air, highway, riverway and sea... stretch out from Gulf South plants to carry products swiftly to any destination. That great fuel resource—Natural Gas—and all the other rich natural resources of this area—beckon industry... welcome you and your business to the Gulf South! The Gulf South area invites your industry or business to ask for specific information. All inquiries will be kept strictly confidential.

UNITED GAS...SERVING THE



Gulf South

For information on Gulf South opportunities, write to Director of Industrial Development.

For inquiries to the following cities, address UNITED GAS PIPE LINE COMPANY: IN TEXAS—Beaumont, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls; IN LOUISIANA—Baton Rouge, Lake Charles, Monroe, New Orleans and Shreveport; FOR MISSISSIPPI, ALABAMA and FLORIDA—Jackson, Mississippi. For inquiries to the following cities, address UNITED GAS CORPORATION: IN TEXAS—Huntsville, Jacksonville, Laredo, Marshall, Mineola, Nacogdoches, New Braunfels, Schulenburg, Sinton; IN LOUISIANA—New Iberia, Opelousas; IN MISSISSIPPI—Gulfport, Laurel, McComb.



Whiz Unifoam Soap comes to you in a patented system drum—a soap factory in miniature. With this 450 pound drum, you can make a tank car of excellent soap solution for about 1c a bucket!

Whiz Unifoam Soap is a pure, hard, concentrated vegetable-oil potash soap—no fillers, rosin, tallow, or animal matter. Lathers quickly in cold water . . . rinses without streaking . . . does not irritate the most sensitive skin. Order from your Whiz Distributor. Industrial Division, R. M. Hollingshead Corp., Camden, N. J.; Toronto, Canada.



A PRODUCT OF *Hollingshead*
LEADER IN MAINTENANCE CHEMICALS

its operations wherever it is possible. Pacific Car & Foundry in Washington state is expanding, and has simplified its interlocking relationship with Kenworth Motor Truck and absorbed the latter company in its entirety.

Consolidated Steel Corp. has absorbed the patriarchal Western Pipe & Steel Co., making the merged operations of these two fabricators the largest of this kind in the West.

• **Scrap Prices Low**—Current unstable conditions of the western scrap market, with prices at their lowest point in several years, are contributing an immediate advantage to that area. However, with Coast production based on a 90% charge of scrap in the furnaces (a percentage far higher than prevails in the East), the addition of one major buyer to the western scrap market might have the same effect on the price of scrap as that caused by Japan's buying in prewar days. That addition to normal demand shoved prices to their all-time high.

Fortunately for western buyers, Fontana has withdrawn temporarily from the scrap market.

• **Outlook for Higher Rates**—Unfavorable factors on the western steel horizon include prospects of increased freight costs, both rail and water. Approval of lower freight rates as a result of the Buffalo hearing would constitute an influence of only secondary importance. It is conceded that the general outlook is for higher rates by both means of transportation.

Fabricators and manufacturers alike are watching the recently resumed water shipments under War Shipping

Administration authority. Cheap water shipment has constituted the index of competitive pressure on Coast prices. There is a belief in some quarters that steamship operating costs may have passed rail costs. If true, and the higher costs should be directly reflected in water freight rates, the long sought relief from transportation charges would not be forthcoming.

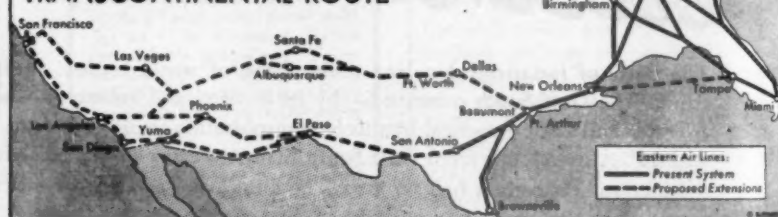
• **Evidence of Mass Market**—In assessing the relative weights of the various factors in the picture at the transit present, five items stand out:

(1) It is conceded that Bethlehem did not form a Pacific Coast steel subsidiary with power to set prices merely for the sake of giving its lawyers a workout.

(2) Highly placed authorities in the Surplus Property Administration are understood to have expressed the belief that U. S. Steel would bid for Geneva if sealed bids were called for.

(3) It is coming to be conceded that the Coast that full integration of western steel could best be achieved with Geneva operated by a company which could (and had agreed to) withdraw an equivalent amount of production capacity from its eastern operation thereby muffling the cries of "monopoly."

EASTERN AIR LINES ASKS TRANSCONTINENTAL ROUTE



Application for a fifth transcontinental air route was filed with the Civil Aeronautics Board last week by Eastern Air Lines. In support of its petition, the company pointed out that the entire southeastern area of the country has no one-carrier air service to the West Coast. The routes proposed by Eastern would compete in some sections with existing lines. The stretch from El Paso to Los Angeles and San Francisco is now flown by American Airlines; the route from Albuquerque to Los Angeles by Transcontinental & Western Air; and both United and Western Air Lines serve the route between San Diego and San Francisco. While none of these lines has commented as yet on Eastern's application, it is thought likely that one or more of them will oppose CAB approval. The four existing transcontinental routes are operated by American, TWA, United, and Northwest (BW—Jul. 29 '44, p. 22).

STEEL HARNESS *for* SUPERHEATED STEAM



*Above: Close-up view showing individual reaction blades before installation of shrouding.
At the left: Blades being inserted in rows in a high pressure marine steam turbine spindle.*



These top-notch steels are exceptionally strong and tough, even at elevated temperatures. They resist erosive and abrasive wear. They resist corrosion and pitting. And they are "targeted" by electric furnace melting to hit narrowest specifications repeatedly.

Moreover, their consistent uniformity enables manufacturers to get best results from mass production methods. They are as **CLEAN** and **SOUND**, as free from practice-upsetting variables, as steel can be made. They insure against hidden imperfections

which could result in rejection at final inspection or failure in service.

YOUR products may be far removed from steam turbines—but they have much in common, particularly *quality, salability and cost*. That's why electric furnace steels may be just what you need. And Republic, world's leader in this field of steel-making, is ready **NOW** to help you use them to best advantage. Write to—

REPUBLIC STEEL CORPORATION

Alloy Steel Division • Massillon, Ohio
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Export Department: Chrysler Building, New York 17, N. Y.

Steam is a powerful "work horse," but it must be harnessed to make it work. And here, in the marine steam turbine, is one such form of harness.

Small reaction blades like those above, mounted in rows on the turbine spindle, take thousands of horsepower from superheated steam and apply it to marine propulsion.

But it takes sturdy material to stand up under a continuous blast of superheated steam at 950° F. and 1200 pounds pressure. That's why steam turbine blades and shrouding are made of Republic Electric Furnace Steel in stainless grade.

REPUBLIC

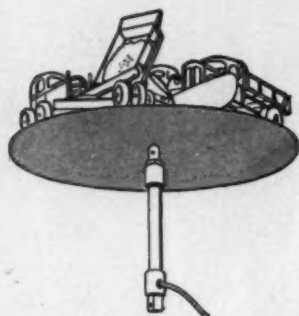
—Leader in the Production of
ELECTRIC FURNACE STEELS

"QUALITY" steels . . . alloy . . . stainless



POWER

10,000 p. s. i. in Blackhawk High-Pressure Hydraulics



COMPACT, powerful, accurate—Blackhawk Hydraulic Controls have literally pushed their way into a new class in hydraulic pressures. The descriptive label "high-pressure" is often attached to hydraulic pressures of 300 to 3,000 pounds per square inch. But Blackhawk Hydraulics successfully go up to internal fluid pressures of 10,000 pounds per square inch... which can rightfully be classed as "super pressure". Practical application of pressures, within this great range, have been accomplished through specialized engineering of hydraulic rams, pumps, valves and connections—co-ordinated in complete units to handle these *Super* high-pressures. Built to actuate the prod-

ucts of other manufacturers, the compactness and adaptability of Blackhawk Hydraulics bring these exclusive advantages: less bulk—lower cost—less weight—greater efficiency—less friction—easier installation in tight spots—less design change in present equipment. 22 years of specialization in the production of precision-built High-Pressure Hydraulics on a mass production basis has enabled us to build rams, pumps and valves at amazingly low prices. Blackhawk is a dependable source for Hydraulic Units in large quantities. Submit your hydraulic questions to us. We will work with you in confidence. Write Blackhawk Mfg. Co., 5300 W. Rogers St., Milwaukee 1, Wis.

BLACKHAWK



This 21-pound ram—from the big line of standard Blackhawk Hydraulic Controls—does a 7-ton job.

oly." (Such a move would arouse serious opposition in the East, however.)

(4) As shown by the projected expansions, the mounting evidence from major operators themselves is that the West Coast now constitutes a market of sufficient size to support fully integrated iron and steel economy.

(5) If, as the producers maintain, prices depend on volume, and volume warrants the planned expansions, such volume will be reflected in lower cost and, ultimately, lower prices.

Assist for Shoes

OPA's grant of 4½% price increase, to be absorbed by the retailers and wholesalers, puts the industry in enviable spot.

With a 4½% price increase handed it by OPA, the shoe industry swings into reversion in an enviable position.

Leather supplies continue to improve. Labor troubles are practically nonexistent.

Retailers stocks are at an all-time low. Production has gone up steadily since V-J Day, and preliminary figures on October production indicate a total civilian output of 41 million pairs, compared with 39 million pairs in September. This is far above wartime civilian output.

• **OPA's Intentions**—The 4½% rise will be absorbed by retailers and wholesalers, according to OPA's present plans. But this decision will not be announced until after meetings with these groups on Dec. 11. It will then be formalized in an order.

While manufacturers, in a formal resolution to OPA, maintained that the increase was insufficient, most industry leaders privately expressed approval—particularly in view of labor opposition to the boost and labor's success in opposing the steel price increase.

Only the low-price manufacturers whose production of civilian leather shoes dropped sharply during the war were glum. They say they needed an increase of at least 10%. But privately they, too, admit they have cause for satisfaction.

• **Individual Adjustments**—OPA has announced liberal individual adjustment provisions for such manufacturers. Some of the low-price producers go so far as to say they can scarcely believe these adjustments will come through in the final order.

Under these provisions, manufacturers producing low-priced shoes—within the price ranges on which Civilian Production Administration has lifted quotas



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Here is a success story with far-reaching effect on the lives of millions of people. The Anchor Hocking Glass Corporation began as a small community business in 1862 and grew to be the world's largest manufacturer of household glass. Besides fine tableware and famous Fire-King oven glass, they manufacture superior glass containers that keep perishable goods and liquids fresh and germ-free.

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OF FINE
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may apply for prices that will give them their own, or half the industry's, 36-39 profit in relation to net worth, whichever is higher. This should stimulate the production of badly needed low-priced footwear.

No More 2B's—The elimination of all "2B" prices was almost unanimously applauded by manufacturers. This relates to shoes priced under section 2B of the General Maximum Price Regulation on the basis of competitor's similar models. Since prices set in this manner did not require OPA approval, considerable shoddy merchandise reached the market during the war at inflated prices.

After the order is issued, shoes priced under "2B" will be priced as new models and will be given either the manufacturers' highest March, 1942, price or a similar model, increased by 4½%, new prices approved by OPA.

Substitute Materials—Reflecting the improved leather supply situation, OPA will also revoke special pricing provisions for substitute materials used during the war, including bacon rind pigskin, substitute synthetic soles, and nonmarking

Manufacturers' cost increases since the end of the war are the result of style changes incident to revocation of WPB restrictions; loss of military contracts, which brought an increase in overhead; and the changeover from nonrationed rationed-type civilian shoe production, with consequent higher outlays for materials and labor.

What of the Farm?

C.E.D.'s researchers say industry can help to solve such problems as unstable income and dependence of too many on soil.

Agriculture doesn't cut its output as fast as demand falls away. In fact, farmers sometimes have been known to produce more while just trying to keep their heads above water in periods of declining prices. And we are nearing one of those periods when farmers face declining demand for their products.

Eighth in Series—These are sober facts set out by the research committee of the Committee for Economic Development in its approach to the postwar farm problem and what to do about agriculture. (The report, made public this week, is the eighth in the C.E.D. series and draws on Prof. Theodore W. Schultz' *Agriculture in an Unstable Economy*, published by the McGraw-Hill Book Co.)

That there will be a postwar farm

problem, the committee does not doubt. Once the demand created by war and war's aftermath starts to ease off, the expectation is for a "decline in the exchange value of farm products in terms of other goods and probably in market prices as well."

• **The Real Trouble**—The committee deals with the specific problems of agriculture such as wheat surpluses, the cotton South, dust bowls, and misuse of the land. But in two broader things—too many people trying to make a living on farms and instability of agricultural income—it sees the real trouble.

Industry can do more than the farmer can about those two basic problems, the C.E.D. group figures, by learning how to modify the industrial production extremes that have characterized our past.

If industry is going strong, it will make jobs for surplus farm workers; its payrolls also will go a long way toward stabilizing farm prices and incomes. That accounts for the study's title, Agriculture in an Expanding Economy, in

contrast to the name of Schultz' book.

• **Study in Contrasts**—Agriculture's inability to suit itself to changed conditions is pointed up in a contrast with industrial production between 1919 and 1941. Using the 1935-39 average as the base, industry got as much as 42% under (in 1922 and in 1932) and 62% above (in 1941); agriculture's low was only 8% below the base period (in 1935) and the high 15% above (in 1941).

The committee agrees in some measure with many of the policies and expedients undertaken to aid agriculture in the past. It thinks, however, that the government will have trouble meeting its pledge to support prices for two years "after the duration."

Price supports, in fact, are viewed as dangerous because they tend to freeze production of certain crops at high levels when long-term demand trends point to the advisability of shifting into other crops.

• **For Parity Revision**—Some other conclusions are that the 1910-14 parity

formula should be abandoned as obsolete and replaced by a modernized parity concept; that improvement of the soil and of cropping practices should be continued with federal and state governments contributing know-how and funds as needed; that export markets should be broadened; that self-supporting crop insurance should be provided in areas of unusual weather hazards; and that consumption should be raised at home through better diets.

When it comes to federal payments to stabilize farm income, the committee takes no stand, contenting itself with an outline of the arguments on both sides.

• **Financial Improvement**—But, however difficult the problems, the C.E.D. group finds farmer people in their best financial position of the last three decades with liquid reserves \$12 billion higher than in 1939 and with the equity of owners and tenants up by \$38 billion since 1940 to a total of \$82 billion.

There is the germ of a postwar revolution in agriculture through mechan-

Mexico City Gets U.S.-Type 11-Story Specialty Store

Mexico City's new eleven-story specialty store, Salinas y Rocha (left), would be ultramodern anywhere, but it's little short of revolutionary in Mexico, which has previously offered no happy medium between small, exclusive shops for the very rich and general merchandise bazaars for the very poor.

The new store's president and vice-president, Hugo Salinas and Joel Rocha, are the United States-educated sons of Salinas and Rocha, who are partners in a Mexican furniture firm.

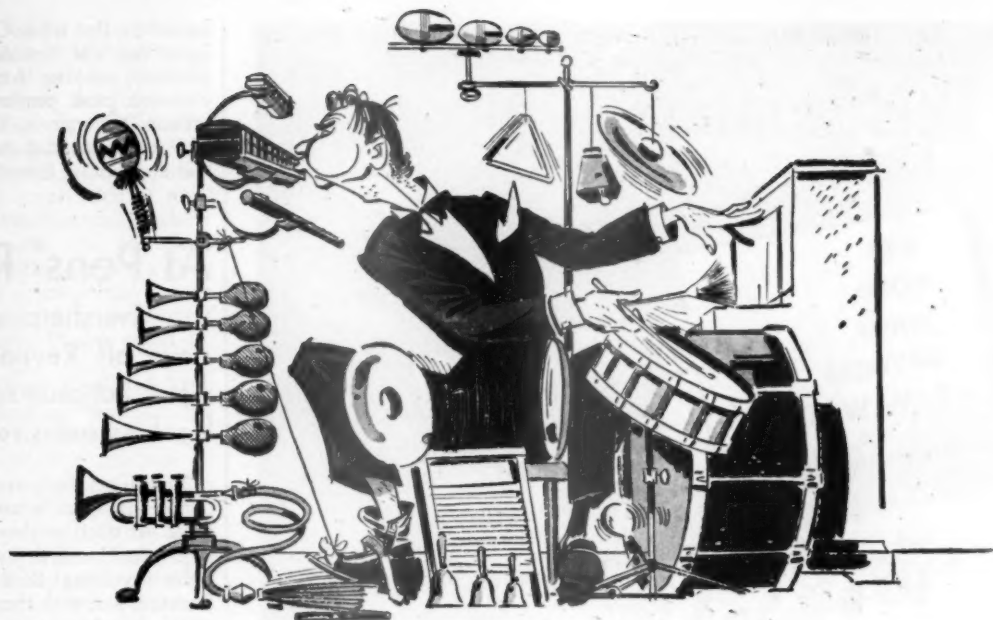
Conscious of the coming buying power of Mexico's small but growing

white-collar class, they have provided a budget shop in the new store that stocks moderately priced, U. S.-made women's apparel. Swankier departments offer clothing of the Hattie Carnegie and Nettie Rosenstein genre to tempt the wealthier Mexican trade, which is already turning northward for fashion leadership, thanks to style shows sponsored by smart U. S. merchandisers like Neiman-Marcus of Dallas (BW—Feb. 10 '45, p. 116). Other customers will include the hordes of U. S. tourists that are again streaming south of the border.

Salinas and Rocha missed no bets

in giving their new venture an authentic North American flavor: They buy about 90% of their stock in the United States, and fly most of it in, at least from the Texas border; they recruited their buying staff from well-known U. S. merchandise houses like Marshall Field & Co., Saks Fifth Avenue, and Allied Stores Corp.; theirs is the first Mexico City store to provide free parking space; and they retained Raymond Loewy to design their building. Even the mural in the millinery salon (right), though executed by a Mexican artist, was designed by William T. Snaith of Loewy's staff.





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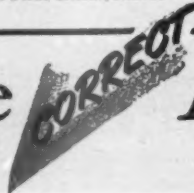
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through cracked or chapped skin.

FEND-X conditions the workers' skin by its *normalizing* action—is easy to apply, non-sticky, highly emollient, of light consistency, and suitable for dry or oily skin. FEND-X is an *industrial* cream—rich in essential ingredients—popular in every industry where winter and occupational exposures call for skin conditioning.



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anization. But it's not all orchids. Mechanization will threaten to create surpluses by making it easy for farmers to continue peak production 25% above prewar (the gain is 30% for all food 50% for meat) and, moreover, machinery will do nothing toward solving the farm labor surplus.

At Pens' Points

Eversharp and Eberhard stave off Reynolds' injunction move, but court says a tangle of legal questions remains.

Eversharp, Inc., and Eberhard Faber Corp. this week were seeking to glean what satisfaction they could from having won the first round in the legal fight involving their much-publicized fountain pen with the ball bearing point (BW—May 26 '45, p93).

They had successfully staved off the move of Reynolds International Pen Co. for a preliminary injunction against activities which Reynolds said were hurting the sale of its own fountain pen with the ball bearing point—activities which the old-line firms vehemently denied.

• **Other Issues**—Still awaiting adjudication (assuming Reynolds presses its case) are (1) a petition for a declaratory judgment holding Reynolds' pen does not infringe on patents Eversharp and Eberhard are licensed to use, (2) charges of antitrust law violations against the two firms (Thurman Arnold, ex-government trust buster, is counsel for Reynolds), and (3) a demand for \$1 million treble damages.

Added to these woes is the fact that, while the defendants' pen won't be ready for market until early spring, Reynolds' product already is selling like hotcakes at the \$12.50 retail price (Gimbel Bros., Inc., New York, using full page ads to describe the "fantastic atomic era, miraculous fountain pen, reportedly was selling them by the thousand to Christmas shoppers.)

• **Allegations and Denials**—Charges and countercharges pepper the court documents in the case. Eversharp and Eberhard, said Reynolds, attempted by such devices as dealer intimidation and sales boycott threats to prevent mass distribution of the Reynolds' pen until they could dispose of their stocks of "obsolete" pens and get distribution on their own new model.

Defendants attacked Reynolds' president, Milton Reynolds, asserting he had gone bankrupt once and owned or been active in four other companies which did likewise. They termed him

s. Mec
ate su
rmers
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machin
the fan

stop-and-go guy" who merchandises
item, then drops it. They contrasted
speedy entrance into the business
the firm was organized last July) with
their 18 months' research and \$300,000
expenses in perfecting "a pen that had
already been developed in South Amer-
ica after extensive research."

Counterclaim Filed—Eversharp, which
presumably will make the pen both
for itself and for Eberhard for a time
at least, put in a counterclaim for \$1
million for damages to its reputation
and loss of business. It also asked in-
junctive relief.

Federal Judge Paul Leahy of Wil-
mington, Del., denying Reynolds the
preliminary injunction on the ground
that the many conflicting questions of
law over which the parties are in serious
dispute can be settled only in a "full
and free" trial, took occasion in his find-
ings to admonish both sides to "refrain
from extra-judicial statements to the
press," and to confine their arguments
to the courtroom.

Toward Diversification—Eversharp,
meanwhile, seeking greater diversifica-
tion than its Repeater Pen (its trade
name for the ball bearing-pointed pen)
can give, was reported completing nego-
tiations for purchase of Magazine Re-
peating Razor Co., manufacturer of
chick razors.



TICKETS A LA CARTE

Eberhard machine that, at the press of a few
buttons, prints railroad tickets—com-
plete with origin and destination
points, fare, and tax—while the pas-
senger waits, is now seeing trial serv-
ice at Greensboro, N. C. Originated
by Southern Railway System and made
popular by National Cash Register after five
years of experimenting, the handy
contraption registers each sale, then,
at the end of the day, totals them.



*Hangman's
Helper...*

The faded whorl of a fingerprint
... the tell-tale texture of a wisp of
hair... patiently probing the small-
est detail until a noose of evidence
tightens around the killer. That's
the hangman's helper, the crime
technician.

Industry, too, must have its pa-
tient probers. Twin Disc, for ex-
ample, has for 27 years specialized
in studying every detail of the
transmission and control of power.
This care to the smallest detail in
the development, manufacture and
application of Twin Disc Clutches
and Hydraulic Drives is the reason
why Twin Disc offers *proved power*

links for almost every industrial ap-
plication... is why, today, so many
leading equipment builders rely on
Twin Disc to provide the most
efficient connecting link between
driving and driven unit.

If the equipment you build poses
a problem in power transmission
or control, why not draw on the
wide experience of Twin Disc en-
gineers? Their recommendations
as to "friction or hydraulic" will be
impartial and unbiased... gladly
given without obligation to you.
TWIN DISC CLUTCH COMPANY,
Racine, Wisconsin (Hydraulic
Division, Rockford, Illinois).



Reduction Gear



Hydraulic
Torque Converter



Machine Tool
Clutch



SPECIALISTS IN INDUSTRIAL CLUTCHES SINCE 1918

Controlled Atoms♦♦♦ OR CONTROLLED LIVES!

Since August 6th when the first atomic bomb was released over Hiroshima, the American people have been subjected to a continuous barrage of pronouncements on the use and control of atomic energy. Some of this comment has been strident, and much of it conflicting. A considerable portion of it has been of sincere and constructive excellence.

It has not been easy to separate the wise counsel from the merely noisy, and it is small wonder that the minds of many are troubled and confused.

However, the sheer mass of discussion poured into press and microphone has awakened us all to the gravity of the issue. In terms of any problem on which Americans ever have been called to exercise a judgment—This is It!

Even the dullest now recognizes that atomic weapons hang over modern civilization like the Sword of Damocles, and understands in some measure how fragile and taut is the hair of political balance that holds it suspended.

From this point on, we need the coolest and most carefully considered judgment that can be brought to bear. Discussion highly charged with emotionalism will but increase the tensions both at home and abroad, and render wholly insoluble a delicately intricate problem.

What Is The Problem?

The major outlines of that problem now are coming into focus in understandable terms:

1. The scientists have opened up a new and virtually unlimited storehouse of energy, and the engineers have discovered how to turn it into a military explosive incomparably more powerful than any we have known. We know that this energy may also be used to produce heat for useful power, and we suspect that the radio-active substances produced by the process in hitherto unimagined quantity may also have medical, industrial, and other constructive applications.

2. Terrifying as have been the demonstrations of the atomic bomb thus far, we know that they are as nothing in comparison with its potential destructiveness. The explosive force of individual bombs can be increased tremendously, and means for their effective delivery to predetermined targets in wholesale quantity already are at hand. The experts tell us that no practicable means of interception can be devised, and that reprisal in kind probably will be the only answer to an enemy attack with atomic weapons.

3. So far as we can see now, even successful retaliation would be at best an answer of hollow effect. Any two nations each having wholesale stock-piles of bombs could accomplish the practical destruction of each other. Since

a first treacherous blow might well constitute an enormous advantage, a nation actuated by a ruthless urge to conquest or revenge might have the best chance of surviving. But since the widest possible dispersal of bombs and launching units would be dictated by the strategy of atomic weapons, it is doubtful that one nation could destroy another without itself suffering destruction. On both sides the major centers of population could be wiped out, and the nation of least concentrated industrialization and commerce would suffer least. However, no one can be sure that the concentrated explosion of as many as 20 thousand atomic bombs would not poison the atmosphere of the world to an extent that would be fatal to great masses of population, not only within the country bombarded, but perhaps in the country which launched them.

4. The problem is further complicated because, so far as we know now, any large-scale commercial use of atomic energy as a power source is more or less inextricably linked to a potential military use. It is true that, if atomic power becomes economically feasible (which is by no means certain for a long time to come), it would require only low-grade concentrates of fissionable material, which would need further elaborate and costly processing before reaching explosive potential. But the process of producing such low-grade concentrates constitutes perhaps two-thirds of the industrial effort required to make effective bombs. It follows, then, that if nations were to equip themselves to produce large quantities of low-grade concentrates for power generation, the effort required to develop large-scale bomb production would be materially reduced. Moreover, the maintenance of an effective inspection to police agreement not to produce bombs might be forbiddingly difficult if atomic power generation were allowed.

5. In addition to the major problem posed by the use of atomic bombs in international war, any nation which produces or possesses such bombs, or the fissionable materials with which they are loaded, faces still another in the danger of their falling under the control of paranoid elements in its own population.

What Are We Going To Do About It?

We face the hard fact that we have produced a weapon capable of destroying whole nations—perhaps even the whole world. Although we were importantly aided in its development by the nationals of other countries, we, together with Great Britain and Canada, now must take the initiative in deciding what shall be done with it. We have only two choices. We can try to keep this weapon as a monopoly of our own, or we can try to place it under broad international control.

Can We Keep It To Ourselves?

If we know one certain fact about the atomic bomb, it is that it cannot long be held as a monopoly of those nations which produced it.

If Nazi Germany had succeeded in developing the weapon first, it probably would have attempted to achieve world dominion, with utter destruction as an alternative. Such a course is not within our range of choice. It violates every principle for which we stand.

Much reckless nonsense has been uttered concerning the inability of other nations to master the scientific, engineering, and industrial problems involved. It is the virtually unanimous opinion of those who worked on the project that several nations today are fully equipped in science, engineering, and industrial organization to produce atomic bombs and to provide the means for launching them. At least one of these nations, Russia, has also access to an ample supply of the necessary raw materials. The only debate is over whether it would take three, or five, or ten years for her to marshal her resources to produce bombs in multiple thousands. Once such an atomic race was on, we have no reason to believe that Russia might not divert more resources to the task than we ourselves should be willing to put into it.

Additional nonsense is talked as to how we might attempt to cope with the problem of living in a world in which mutually suspicious or hostile nations faced each other, with stores of atomic weapons on both sides. We hear talk of dispersing our cities and even of moving underground. No one has seriously reckoned the difficulty or the cost of following such counsel of despair. Still less has anyone appraised the neurotic effect upon men's minds of living by any such preposterous formula, under continuously mounting tension day after day, and year after year.

Certainly, if we could find no way to prevent the competitive production of atomic weapons, we should be driven at least to the selective dispersion of our bomb-launching facilities, of certain key industrial establishments, and of our centers of government and governing personnel. We should be forced, also, to change our traditional requirement that only Congress can commit us to active war. We should be forced to organize ourselves as a police or military state, with our scientists regimented and muzzled, with all of us under constant surveillance against the smuggling and planting of time-bombs, and constantly alerted against attack through the air.

Before we commit ourselves to any such intolerable procedure, we should be mad not to explore all possible means for making it unnecessary.

The Only Feasible Alternative Is Effective International Control

This cardinal principle has been recognized in the statement of November 15th, issued jointly by President Truman, and Prime Ministers Attlee and King. Their statement frankly concedes that against atomic weapons there can be no adequate military defense, that no nation can command a monopoly of such weapons, that responsibility for eliminating atomic energy as an instrument of war and for devising safeguards over its use for the advancement of

science and other peaceful and humanitarian ends rests upon the civilized nations of the world.

They propose that a commission be set up at once under the United Nations Organization to make recommendations: (a) for extending between all nations the exchange of basic scientific information for peaceful ends, (b) for control of atomic energy to the extent necessary to ensure its use only for peaceful purposes, (c) for the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction, and (d) for effective safeguards by way of inspection and other means to protect complying states against the hazards of violations and evasions.

Already criticism is leveled at the wording of the statement, at alleged omissions, at the wisdom of choosing the United Nations Organization as the medium through which to seek agreement in view of the weaknesses of the UNO Charter.

None of these issues should be crucially important. What matters is that an invitation has been issued in good faith for the nations of the world to meet and decide upon means for assuring the elimination of weapons, the existence of which no one can afford to tolerate.

The decision cannot be other than international; it will require the best thought of the best brains the world can muster. The smaller nations have an equal stake with the large, and from them may well come the most fruitful suggestions. But Russia now holds the key to the success or failure of our proposal. If she accepts our invitation, no other nation will refuse.

Alternatively, there will be an international armament race paced by atomic weapons. It will mean an end of free science, a severe policing and regimentation of international travel and trade, and innumerable restrictions upon those individual freedoms which we have just fought so desperately to preserve. This is the dismal prospect if we fail to arrive at a genuinely international accord on the control of atomic energy. But even this interval would promise to last only for an uneasy period, until someone started pressing the push-buttons on the panel-boards of extinction.

The only permanent solution lies in finding means to eliminate war itself. That we cannot hope to achieve overnight, but we can, and do hope that the nations will now agree to eliminate atomic weapons and their radio-active by-products as instruments of war.

If they do that, we can move forward more surely to the constructive development of the incalculably valuable resources that science has newly opened to our use. And, we can hope also for a progressive improvement in international understanding.

Unless the nations can reach agreement on this paramount issue of atomic energy, it is difficult to conceive of any vital issue on which they might agree.

James H. McGraw, Jr.

President, McGraw-Hill Publishing Co., Inc.

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Kaiser Pays RFC

Permanente setup cleared of all encumbrances except a small private loan. Magnesium process is being modified.

Henry J. Kaiser closed the books last week on one of his major financial transactions with the Reconstruction Finance Corp.

The West Coast shipbuilder disclosed that he has paid off his loan of \$28,475,000 on the facilities of the Permanente Metals Corp., six years before the loan was to have matured.

• **Small Private Loan**—Aside from a small, short-term, private loan which Kaiser negotiated to clear up the in-

debtedness to RFC and which he expects to retire by the end of the year, the repayment removes all encumbrances from the Permanente properties. In addition to the principal, Permanente paid \$3,500,000 in interest at 4%.

Kaiser reasserted his belief that, with the war now out of the way, private capital should replace government funds wherever it is possible in the war-born industries.

The RFC loan was against Permanente's magnesium plant at Permanente, idle since V-J Day, a sea water magnesia plant at Moss Landing, and a dolomite calcining plant at Natividad, Calif.

• **Changing Process**—Permanente is experimenting with its carbothermic magnesium process with a view to eliminating one furnace operation and the

HIGHWAY ON THE SANDS

Perforce, the 3,000 or 4,000 villagers of North Carolina's fabled Outer Banks have lived isolated from the mainland, without even a road to link the banks together. Now they may have a real "highway" if a state experiment with a mile stretch of sand and asphalt surface stands tests of tide, sand, and wind. Villages like Hatteras (below) have flourished for years without magistrates, police, or health officers, have wanted a connecting road but the only strip worthy the name is a one-way concrete stretch put up by the Navy. Other "arteries" run 50 miles down the beach at low tide or, at the whim of the driver and the sand, across the dunes in ruts,



reinforced here and there by wooden tracks (above)—legacy of the CCC. And fishermen who have had to ship each day's catch by boat are counting on the coming of the new highway to put money in their purses.



lightening the efficiency of the plant by about 40%.

The process involves the reduction of magnesium oxide with coke at 3,600 F. in an 8,000-kva. furnace. The product of this reduction is magnesium dust, a basic ingredient of the incendiary "goop" bomb produced by the Kaiser organization during the war.

To convert this dust to molten metal and ingots, a second furnace operation is necessary. The experiments are designed to eliminate this second step and derive molten magnesium from the first furnace. When the process has been changed, Permanente plans to resume metal production.

DRIVE AIMED AT SLUMS

One of the most direct attacks yet made on the housing problem was launched this week by the Citizens' Housing Council of New York. It proposed that New York City undertake to raze and rebuild all of its slum areas in the next ten years.

The total cost is estimated at \$1,675,000,000, which would be met through the sale of bonds by the New York City Housing Authority at an interest rate which the council estimates at 2% or less. These bonds could be completely paid off in 45 years, the group believes, from the income on the new buildings plus a city subsidy beginning at \$3 million and increasing to an annual \$33,500,000 after the tenth year.

The council proposes that the subsidy be raised from a sales tax, either the present 1% sales tax or an additional 1% levy. (The New York City sales tax was originally 2%, for unemployment relief, was reduced to 1% in 1941, and the funds are now used for general city purposes. The yield in 1943 was \$33 million, in 1945 it was \$41 million.)

Before acquiring the land, the council believes, the city should determine, in line with an over-all city plan, what areas are to be devoted to low-rent public housing, to private development, and to public service facilities, including parks, playgrounds, and schools.

NERVOUS COWS

The old question of the rights of a property owner whose land adjoins an airport (BW-Apr. 8 '44, p. 51) has cropped up again, this time in California.

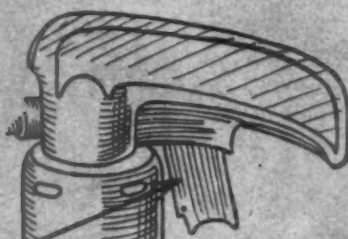
A dairyman, Glenn O. Lynch, is suing the Lockheed Air Terminal in Burbank for \$100,000 and is asking an injunction forbidding its further operation. He asserts that the noise of the planes reduced the milk yield of his dairy herd, and that the butterfat content of the milk that was produced fell too low for profitable marketing.

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(For 10, 15 and 20-lb. Fire Extinguishers)

① SINGLE-FINGER OPERATION

Balanced pressure
does the trick—
Easy trigger pull
opens the valve



② INTERMITTENT OR CONTINUOUS CONTROL

③ LOW CENTER OF GRAVITY
That'll make these portables a lot easier to carry

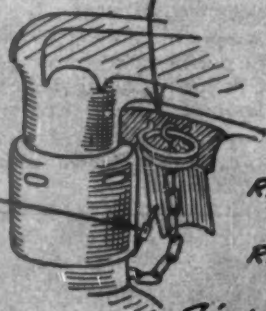
④ LOCK-OPEN CONTROL

Operated by trigger finger too



⑤ NON-JAMMING LOCKING-PIN
Can't get bent over

⑥ VISIBLE SEAL WIRE makes inspection easy



⑧ RECHARGING WITHOUT REPLACEMENT PARTS
Simplifies putting extinguisher back in working condition after use.

⑦ IMPROVED RECOIL OUTLET



⑨ HYDROSTATIC TEST WHEN NECESSARY

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A Novice can operate!

10-, 15-, and 20-pound extinguishers with this new valve will be ready for delivery soon. Place your order now.

Walter Kidde and Company, Inc., 1225 Main Street, Belleville 9, New Jersey



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And that, Mr. Customer, is why we bought a MOTO-MIRROR the minute I got out of the Army. We can duplicate any actual driving conditions you've ever had right here on the service floor.

Every working part of your car acts the same way on the dynamometer as it does on the road. It takes all the guess-work out of finding the trouble and shows exactly what's wrong in a very few minutes.

After we know what's wrong we fix it and then tune your car to its top performance. You can see the improvement for yourself in understandable terms of increased horsepower and know that the right work has been done.

Every car owner has been wishing for some way of measuring his car's mechanical condition and service requirements and—this is it!

In the Army we had to know that combat vehicles were in tip-top shape. If they weren't, we had to find the trouble right now and be sure it was fixed. I know from experience how much better and quicker this can be done with a MOTO-MIRROR.

The name "MOTO-MIRROR"—tells the story—It accurately "reflects" the mechanical condition of your car. I know my customers appreciate the better service that MOTO-MIRROR will make possible—once they see the difference.

MOTO-MIRROR is the first practical service dynamometer—simple to operate, easy to install and priced within the reach of any service shop.

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Water vs. Rail

Old feud over differential rate on grain settled as U. S. court upsets ICC compromise affecting Illinois barges.

The rate cudgel that eastern railroads have been trying since 1929 to bring down on barge line competition was taken away from them last month. A panel of three federal judges held discriminatory, and therefore invalidated that portion of an Interstate Commerce Commission order of last Feb. 13 which prescribed a rail-reshipping rate 3¢ per cwt. higher eastward from Chicago on grain brought in by inland waterway barge than on grain received by rail on lake.

The case involved the eastern road

Wild Rays Explained

The Surplus Property Administration last week spiked—at least by obvious implication—wild-eyed rumors that the explosion of the first atomic bomb in New Mexico (BW—Aug. 11, '45, p15) released radioactive substances that were airborne throughout the country subsequently to raise hob with such sensitive items as photographic film.

• SPA reported that glassine envelopes used to wrap radium dials (such as are used on watches, airplane instruments) found their way into scrap paper channels, and residues of the radium salts contaminated paperboard containers made from the scrap.

Photographic film shipped in this cardboard was blackened and ruined. At one time manufacturers found it impossible to use commercially available cardboard for film boxes, SPA said.

• Other industries have suffered from similar occurrences. Laboratories have been bothered by a general contamination of platinum, resulting from salvage and reworking of platinum crucibles used for radium separations.

For these reasons, and to protect workers and others from effects of radium and radioactive salts, SPA has ordered disposal agencies to channel scrap or salvage containing such substances into the hands of radium refining organizations or to destroy the scrap.



Getting delivery-

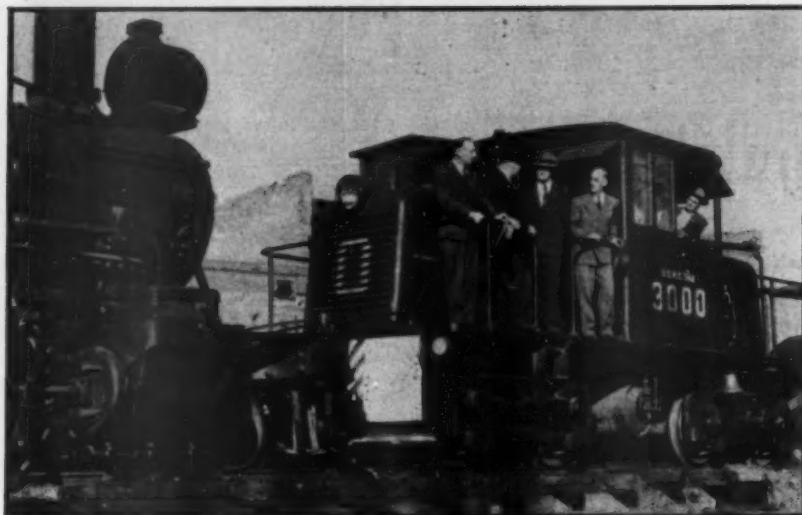
Bananas on backs ring no cash registers. Bananas at breakfast do. Between the tree and the take-home is the sale... made by a mental impression, an aroused want which got the Mrs. to tell the grocer, "I'll take a dozen". Gravure's fine life-like reproductions, full tones, awake appetites, set up buying impulses, create desires, spark sales... in Sunday picture sections of high visibility... which get regular 90% readership among buying millions, at home, every Sunday.

Sell with gravure, and gravure sells for you... nationally in the Metropolitan Group... which delivers your message in the eye-stopping, mind-arresting picture sections of 25 major Sunday newspapers in 22 cities... gives 12,800,000 sales impressions by sun-up Sunday... covers the better-buying half of the whole U.S. market by noon... ups sales by delivering better impressions! If you want customers calling—call Metropolitan Gravure!

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 Springfield Union & Republican • Washington Star
 New York 17: 220 East 42d Street • Detroit 2: New Center Building
 Chicago 11: Tribune Tower • San Francisco 4: 155 Montgomery Street



NEW STRENGTH FOR A LITTLE OLD RAILROAD

Slated for retirement, old No. 2 rubs noses with its successor, a modern diesel-electric that's expected to needle new life into the 66-year-old Hartwell Railway, a Georgia short line with a long history of grief. Lifeline of Hartwell's textile industries, the road runs just ten miles to Bowersville, connects with Southern Railway's Toccoa-Elberton branch. Southern bought the Hartwell in 1901, then tired of losses, offered it in 1924 to Louie L. Morris (above, next to cab), publisher of Hartwell's weekly. He comments: "Being a damn fool, a newspaperman, and president of the Chamber of Commerce, I took it." Trouble piled on trouble, and after 52 mishaps in a month, realizing old No. 2 was operating outside inspection rules, Morris announced he was quitting (BW—Dec. 30 '44, p. 40). Worried mill owners began buying coal hand over fist. Result: Morris hauled so much coal that his line came out of the red, enabling him to buy the surplus 300-hp. locomotive from the U. S. Maritime Commission.

and barge lines carrying large volume of corn and grain on the Illinois Waterway.

• **East Tries to Aid West**—Since 1933, when the Illinois Waterway was reopened after long disuse, lower rates charged by barge operators for hauling grain to Chicago have placed the western roads under competitive disadvantage. The eastern roads tried to come to the rescue of the western carriers by seeking the right to charge higher freight rates for transshipping to New York grain reaching Chicago by barge than is charged for grain shipped into Chicago by rail or lake carrier.

In 1939, the eastern roads attempted to establish the rate differential by classifying as local Chicago shipments all grain reaching that city by barge for transshipment eastward. This would have made the rate for the Chicago-New York rail haul of such grain 34¢ a cwt., as compared with 26¢ for grain coming into Chicago from western points by rail or lake freighter.

• **Rate Maneuvers**—Had the differential gone into effect, it easily might have

been disastrous to the barge operators. At first, the barge rate for moving grain to Chicago from Morris, Ill. (where more than half of the barge shipments of corn destined for Chicago originate), was 4¢ a cwt. Later it was reduced to 2¢.

The rail rate for the same haul was 9¢ originally, but this was lowered later on to 5¢. (The 5¢ rate is an intrastate rate not subject to ICC approval.) So the combined barge-rail rate would have been 36¢ compared with 31¢ if the all-rail route were used.

• **Brief Jubilation**—Over the protests of farmers and elevator operators, the ICC in 1941 permitted the differential. After this order lost out in several lawsuits, Mechling Barge Line, which ships 90% of the Illinois Waterway grain into Chicago, asked ICC to reopen the case.

At the rehearing, ICC approved a compromise rate of 29¢ for transshipment of barge grain. This would have made the combined barge-rail rate and the all-rail rate equal at 31¢ had not the district court stepped in. The railroads, that court held, had not established a sound basis for the differential.

Last week's decision by the three-judge panel points out that the inland waterways system on which the barges operate was developed by the state and federal governments at a cost of \$60 million so that commerce might enjoy the advantage of low-cost shipping.

World Pictures

New movie organization set up by Rank, Universal, and International will compete with Big Five on global scale.

The prospect of exciting competition to the Big Five of the motion picture industry arose this week with the disclosure by Universal Pictures, International Pictures, and the British industrialist and film executive, J. Arthur Rank, that they are forming three new corporations to produce and distribute pictures on a worldwide scale.

• **Wide Distribution**—United World Pictures, Inc., has been set up as the keystone of the new alliance. United World will distribute, in all countries where Rank does not already possess theater holdings, the product of International studios in the United States and of Rank's studios in England.

Rank dominates the British theater field with his Gaumont and Odeon circuits. He has a half interest in the Canadian Odeon chain of more than 100 houses (BW—Jun. 9 '45, p. 121), a half interest in the Greater Union Theaters of Australia, substantial holdings in French Gaumont theaters and production, and close tie-ups with other theaters in the British Empire.

• **New Theaters Planned**—In addition to its distributive functions, United World plans to set up and operate a string of theaters here and abroad as showcases for the film entertainment it purveys. This would follow the precedent Rank established by leasing New York City's Winter Garden.

Rank will serve as chairman of United World and own half the stock. The other half will be owned by William Goetz and Leo Spitz of International, and by Universal. Matty Fox, a vice-president of Universal Pictures before he entered the Army, is to be president of United World. Rank and Fox will hold similar office in a subsidiary, United World Pictures, Ltd., of England, which is to operate solely in Great Britain.

International Pictures, Inc., will emerge from the corporate upheaval as International Pictures Corp., jointly owned by Spitz and Goetz, respectively its present chairman and president,

Record of a Past..

that knew no steel

ALMOST in the shadow of the world's tallest man-made structures stands this stone obelisk--"Cleopatra's Needle," in Central Park, New York. Its hieroglyphs boast of a glory that faded 3000 years ago.

If we deciphered these inscriptions, we would look in vain for the word Steel. Ancient Egypt hewed its monuments with tools of bronze. But bronze, then as now, was not plentiful enough to go far toward improving the lot of man.

What would our civilization be if we were deprived of steel? We might have monuments of stone, but no Radio City, no towering apartments or hotels, no modern hospitals, schools, or factories. For to sustain human life and human activity, we must have vast quantities of pure water and adequate sanitary facilities...from top floor to basement...provided only through miles of steel pipe. We must have quick, safe vertical transportation, possible only with steel elevators. We must have heating systems, production machines, equipment of a hundred kinds, available in the abundance which steel alone makes possible. In short, the difference between our civilization and that of the ancient world is expressed in terms of steel.

America stands on the threshold of a New Steel Age--with steels being given new characteristics and new virtues by metallurgists and chemists. Youngstown is ready to supply alloy steels as well as carbon steels--in sheets, tinplate, pipe, conduit, bars, wire, rods and shapes--to meet your needs in fabricating the products of peace.



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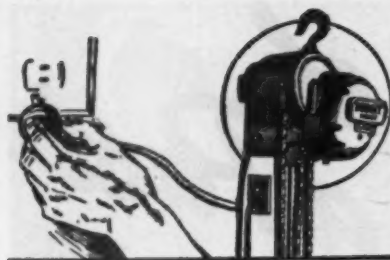
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If there's an outlet...

If there's an outlet near your production, assembly, or inspection lines and the products you manufacture need a lot of lifting, you'll want a 'Budgit' Electric Hoist to do this lifting for you.

All you need do with a 'Budgit' Hoist is to hang it up, plug it in your nearest electric socket, and use it! It's a complete hoisting unit in itself with a conductor cable 15 feet long. There's nothing more to buy before you start lifting with it!

'Budgit' Electric Hoists can lift any load within their capacities. They're light weight, but strong. Safety features built into the hoist, anti-friction bearings throughout, and many other special features account for the outstanding performance and dependability of 'Budgit' Hoists; and for their low-cost operation as well.

'Budgit' Hoists are portable, electric hoists built to lift 250, 500, 1000, 2000 and 4000 lbs. Prices start at \$119. For further details, write for Bulletin No. 356.



'BUDGIT' Hoists

MANNING, MAXWELL & MOORE, INC.
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Builders of 'Show-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Mancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

and by Universal. Goetz, whose rising prestige in films has not been slowed by his marriage to the daughter of Louis B. Mayer of Metro-Goldwyn-Mayer, will remain president; Spitz, the Chicago theatrical attorney who came up through Paramount and RKO, will continue as chairman.

• **To Shift Operations**—International, which has been producing at Samuel Goldwyn studios in Hollywood the past two years, plans to shift all its operations to Universal studios as soon as buildings can be constructed.

International plans a minimum of eight film features a year, and Rank has agreed to turn over to United World each year the eight best box office pictures he produces in England. This prospect of 16 additional features a year strengthens Universal's hand in the highly competitive field of distribution.

• **Universal's Comeback**—Hollywood is skeptical that United World, as announced, will establish its own exchange for worldwide distribution because Universal, closely tied in with the new organization, is too well established in that field to allow the same interests to duplicate present coverage.

For the past several years, Universal, even without theaters of its own, has shown handsome profits. Its Deanna Durbin and Abbott & Costello features have been gold mines.

Versatile Antenna

Units to meet television receiver's twofold adjustability requirement is announced by Farnsworth; two motors used.

One of the little-talked-about problems of the television industry is that of selling the public on the need for rooftop antennas for home television receivers. For a good, clear picture, the antenna must be mounted as high as possible so that it literally "sees" the transmitting antenna.

It cannot be a wire swept under the rug or a hidden loop mounted inside the cabinet.

• **Ghost Image**—For reception of a single television station, a simple dipole antenna can be used that consists of a stretch of rod or tubing about 8 ft. long. This is mounted at right angles to the transmitting station and picks up the radio waves directly. Unfortunately, waves from the same station may arrive by reflection from large steel objects, such as buildings and bridges, a fraction of a second later and produce distortion of the picture or a second, ghost image on the screen.

In some installations made before the



NEW NASH CARS MASS FOR ACTION

Triumphantly pulling out of a Chicago parking lot, dealers drive off with almost 200 new 1946 Nash cars distributed last week at probably the largest mass drive-away the city has seen since 1941. Gathered for previews in Chicago, New York, and other key centers, dealers went home with showroom models of the improved low-priced "600" and the more luxurious Ambassador. Instead of an orthodox body and frame, the "600" has an integral unit of welded steel and, like the Ambassador, boasts an air-conditioning system.



Tomorrow's Need Will Be Greater

AS THE CENTENNIAL YEAR of Johnson & Higgins ends, we continue to look ahead, both to the business future and to the important role that insurance brokerage will be called upon to play.

Today the conduct of business . . . and of business insurance . . . is far more complicated than at any time in our long history. It is more than likely that tomorrow's business world will be still more complex, for the discoveries and developments of recent years will lead not only to a revolution of procedures in many fields, but to the creation of great new enterprises as well.

For this reason, and because a modern insurance program is no job for a layman, the need for the insurance broker's specialized training and skill in planning and negotiating business insurance programs will be greater than ever.

As intermediaries between the insured and the insurance companies, Johnson & Higgins

look forward to serving commerce and industry as buyers of insurance for many years to come. Our already extensive facilities will be expanded still further as the requirements of our clients may dictate. But no matter what the future may hold, in one respect there will be no change. We shall always adhere faithfully to the basic principle that we have "no axe to grind—but yours."



SINCE 1845—BUYERS OF INSURANCE FOR COMMERCE AND INDUSTRY



"We're Trying to Account for The Accounting Department!"

In many an office these days, the problems of wartime re-arrangement pop up again—in the name of reconversion. Office managers feel like A.M.G. officers handling Displaced Persons. And confusion walks upon the scene. If that's your trouble, it's high time you sent for that old arch-enemy of confusion—

**ART METAL'S
"MR. EXPEDITER, O. D."**

"O.D." means "Doctor of Offices", or one to whom the untangling of

office tangles is meat and drink. During the war he helped squeeze many a size 10 staff into a size 8 office. He can help now with the problems of reconversion.

Ask him to drop in! Now he probably can get any new equipment you need. But, if not, he'll know how to make the best of what you have. And ask him for his helpful book, "Manual of Desk Drawer Layout". Just call your local Art Metal branch, or write Art Metal Construction Co., Jamestown, N. Y.

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POSTINDEX VISIBLE RECORDS

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SYSTEMATIZED EQUIPMENT AND RECORDS FOR BUSINESS

war, clearer pictures were obtained by placing the antenna to receive the reflected wave rather than the direct wave.

• **Adjustments**—As television progresses and stations multiply to the point where there are several in one city, additional antennas for reception of stations in other directions will be needed. One alternative to this requirement is to employ a rotatable antenna that can be controlled from the living-room receiver and turned to the proper direction for best results.

Clear pictures also require that the antenna length be adjusted to about half that of the wavelength of the station. This is done by using telescoping sections on the antenna rods that can be extended or retracted. To permit tuning to several stations, the length of the rods must be adjusted for each desired station.

• **With Pushbuttons**—One of the first antennas announced to do this twofold job has been brought out by Farnsworth Radio & Television Corp. This contains two motors, one for rotating the antenna and the other for extending or retracting the arms of the antenna. At the receiver, four pushbuttons permit starting and stopping the motors when the antenna is in the proper position for best results.

U. S. TO PLAN YANGTZE DAM

The billion-dollar Yangtze dam, key project in China's postwar industrialization program (BW—Mar. 3'45, p113), will be designed by the U. S. Bureau of Reclamation, an agency which can lay claim to being the world's most experienced dam-builder.

The deal has been written into a contract (initial payment: \$250,000) between the governments of the U. S. and China.

When completed, the Yangtze dam will develop 10,560,000 kw. and will impound 50 million acre-ft. of water for the irrigation of 10 million acres. Ultimately, the system is expected to feed cheap power to an area of 600-mile radius.

Supporting dams and works on the Yangtze and its tributaries are projected on a scale comparable to America's entire TVA program.

John Lucien Savage, former chief designing engineer of the Bureau of Reclamation, who was at first "loaned" to the Chinese government, has now become consulting engineer for the entire project.

For some time the Chinese government has had a group of young engineers in training at the bureau's engineering offices in Denver. Designing the whole project will take at least two years.

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PRODUCTION

Revolution in Sugar Beets

Mechanization of entire growing process within five years is objective of industry in drive for self-sufficiency. New harvesters prove successful in field tests.

The beet sugar industry has a new goal: to become the most completely mechanized segment of American agriculture. How great a revolution this would be can be visualized only against the background of the millions of man-hours of sweating, stooping labor which beet-growing entailed until the last few years.

Behind the industry's desire for mechanization are several important factors, principally: (1) its desire to become self-sufficient and end its traditional reliance on subsidies or tariff protection, and (2) its difficulty in obtaining field labor, even in peacetime.

• **A Good Start**—Actually, sugar beet production already is mechanized to a considerable degree (BW—Jan. 22'44, p62). Fully 70% of California's crop was harvested mechanically this season, Philip B. Smith, manager of the new

Beet Sugar Development Foundation, has estimated. During the war the industry was given a lift by Mexican and other imported laborers, as well as by prisoners of war.

In peacetime, the industry expects that it will have to find its own labor. That's the reason it has set a goal of 90% to 95% mechanization within five years. Many in the industry believe that it cannot survive unless that goal is attained much sooner.

• **New Planting Methods**—The foundation, which is financed by the beet processing companies, is conducting an elaborate, winter-long experiment in California's Imperial Valley to test seeds and planting techniques, as well as planting, cultivating, and harvesting machinery.

Pelleted planting (BW—Aug. 26'44, p52) is one of the newer developments. Before a process was invented to crack seed germs, farmers had to plant the whole woolly clump and later pull out the surplus plants by hand. Now the grower can buy "singled" seed in pellets that are smooth, round, and evenly graded. These pellets can contain plant foods, antifungus and antidisease chemicals, and possibly some barbitol compound to hasten the germination of the seeds.

Many growers are now sowing such seed at evenly spaced intervals with a mechanical planter. Cultivation can be handled with an ordinary corn cultivator or with a special mechanical sugar beet thinner (BW—May 2'42, p60). And anyway, experts now agree that even spacing of sugar plants has been made an unnecessary fetish.

New irrigation techniques, including use of flexible plastic tubing (BW—Jan. 13'45, p20), will also make the beet farmers' job easier.

• **New Harvesters**—A number of farm machinery manufacturers are perfecting designs for sugar beet harvesters, and others are improving on units which already have been proved practical in the field. Most of the models slice off the beet tops before digging the roots.

The Mar-Beet harvester, which is manufactured by Blackwelder Mfg. Co. at Rio Vista, Calif., and which is widely

used in that state, plows out the beets, then picks them up on a large spiked wheel that treads the plowed-out rows.

John Deere Co., which makes both one-man models and large commercial types (BW—Sep. 19'42, p80), has more than 600 of its machines in the field, most of them in the hands of farmer-purchasers.

• **Others Being Tested**—International Harvester, J. I. Case, and Scott-Vinner of Columbus, Ohio, have experimental models at work.

Ford-Ferguson has an experimental model powered by its small-farm tractor. The farmer hauls one unit through the field to mow the beet tops for stock feed; then he hitches up the digger and plows out the beets.

• **Demand Holds Up**—If the various mechanical devices prove out, the beet sugar industry foresees success for its mechanization goal well within its five-year limit. Meanwhile, the industry has an even higher subsidy. When the war started beet farmers were getting \$9.50 a ton; for the past two years the ante has been \$12.50, but the government has boosted the support price to \$13.50 for 1946.

The government, because of the sugar shortage, still wants as many beets as farmers will grow. It is aiming again at the million-acre goal which the growers twice have failed to meet. (In 1945 only a little more than 700,000 acres were planted.)

• **Blast From La Guardia**—The industry realizes that, in its failure to "save" the sugar situation during the war and in its inability thus far to become self-sufficient, it has some severe critics. The most recent: Mayor La Guardia of New York City, who said "not a pound of beet sugar ought to be produced in the United States." Beet sugar men are betting on mechanization to provide the answer for their critics.

Patent Attacked

G.E. says refrigerator design with frozen food compartment not subject to license, despite verdict in Stewart-Warner case.

With the rest of the nation's refrigerator manufacturers forming a cheering section, General Electric Co. will go into federal court in Buffalo, N. Y., Dec. 17 in an effort to break a patent claim covering household refrigerators built with two cold compartments operating at different temperatures.

• **Frozen Food Space**—Patent on this design is held by Refrigeration Patents



Ford-Ferguson, with its eye on the family-size farm, brings out a sugar beet harvester in two units, one to harvest the tops, the other a root digger (above). Spikes on the rear wheels spear the beets which are flipped onto a loading conveyor. Among the many entrants in the race to mechanize the sugar beet industry, the units are designed to be powered by Ford-Ferguson's small-farm tractors.

Corp. of Buffalo. If valid, it could produce a tidy return for the owners in the form of license fees paid by refrigerator makers marketing such a box.

Reason for the manufacturers' eagerness to use this principle lies in the sensational expansion in frozen food sales (BW—Dec. 30 '44, p. 62) and the expectation of even greater gains. The two-compartment box will provide space needed to store such foods at below-freezing temperatures and for freezing ice cubes, at the same time retaining the conventional cold storage space for ordinary foods. (Freezing storage space in prewar model refrigerators was largely limited to that available for making ice cubes.)

Shortly after G.E. began publicizing its plans to turn out this dual-purpose box, Refrigeration Patents Corp. notified General Electric of its patent and suggested that G.E. take out a license before marketing a refrigerator employing the new principle.

• **Invalid, Says G.E.**—The patent holder acted with assurance, for it had already won a patent infringement case against Stewart-Warner Corp., receiving a \$225,000 award from a federal jury in Chicago. That case now is on appeal to the United States Circuit Court of Appeals.

But G.E. attorneys, probing the patent, decided they might be able to challenge its validity successfully. Instead of proceeding with the manufacture and defending an infringement action, however, G.E. petitioned the court for a declaratory judgment that the patent claim covering refrigerators with two compartments is invalid and not infringed.

• **"Spark of Genius"**—Basis for its claim is threefold:

(1) The patentees (Bronaugh & Potter, who were granted the patent in 1936) were not the first to make a machine of this type.

(2) The patent claim in dispute does not display the "spark of genius" inherent in true inventions, hence is not patentable.

(3) The claim was not disclosed to the United States Patent Office in the original application, but was added more than two years after the subject matter had been in public use, and hence is invalid.

• **Moves for Dismissal**—The patent holder has moved for dismissal of the petition for a declaratory judgment on the ground that "no actual controversy" existed prior to its filing, or for a stay pending outcome of the Stewart-Warner appeal, or until all details of the G.E. refrigerator have been developed and a working model has been supplied the defendant.



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THE Old DOMINION HAS NEW IDEAS

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Always in the forefront in defense of our country, Virginia is equally famous for her contributions to the arts of peace. In solving the difficult problems confronting us in the years ahead, keep your eye on Virginia. The vast resources of this great state, its industry, agriculture, commerce and its people—all will wield a mighty influence in the common task of building a better and more prosperous nation.

Seaboard Air Line Railway, like the Old Dominion, has given its best to the winning of the war. We look with confidence and eager anticipation to the work ahead—work which we shall share with our friends in Virginia and throughout the South.

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AIR LINE RAILWAY

THROUGH THE HEART OF THE SOUTH

Buy extra VICTORY BONDS!

If you want a reprint of this advertisement in full color, write Seaboard Air Line Railway, Norfolk 10, Virginia

Radar's Bogies

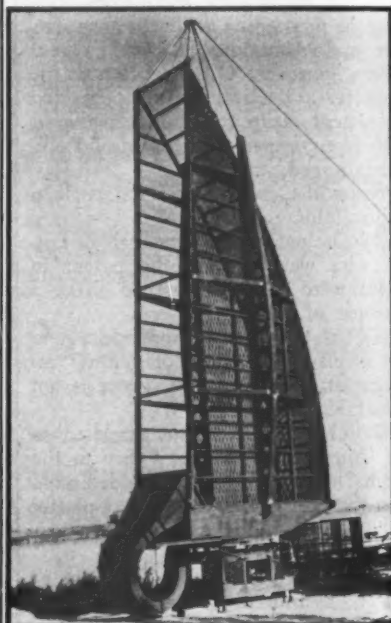
Two weaknesses that made countermeasures effective are revealed. Experiences may help in civilian radio techniques.

Radar, for all its value in combat operations and in air and sea navigation during the war (BW—Aug. 18 '45, p63), has an Achilles' heel—two of them, in fact.

How the Army and Navy exploited these weaknesses to reduce and even nullify the effectiveness of German and Japanese radar was described recently in a release that was issued jointly by the Office of Scientific Research & Development, the War Dept., and the Navy Dept.

• **Where Vulnerable**—Radar's Achilles' heels are: (1) Its signals may be detected readily, and at a much greater distance than the furthest range at which it can detect an object; and (2) it is subject to outside interference, called jamming, which effectively blinds it.

The first of these weaknesses makes it possible for ships and planes to stay outside the detection range of enemy radar sets; it also means radar sets betray their exact location to the enemy, who needs merely to use radio direction



Part of "Tuba," the system of jammers designed by Harvard University to blind radar "eyes" of Nazi fighters, is the "half cheese" antenna which gives out a horizontal fan-shaped beam, covers a wide frequency range.

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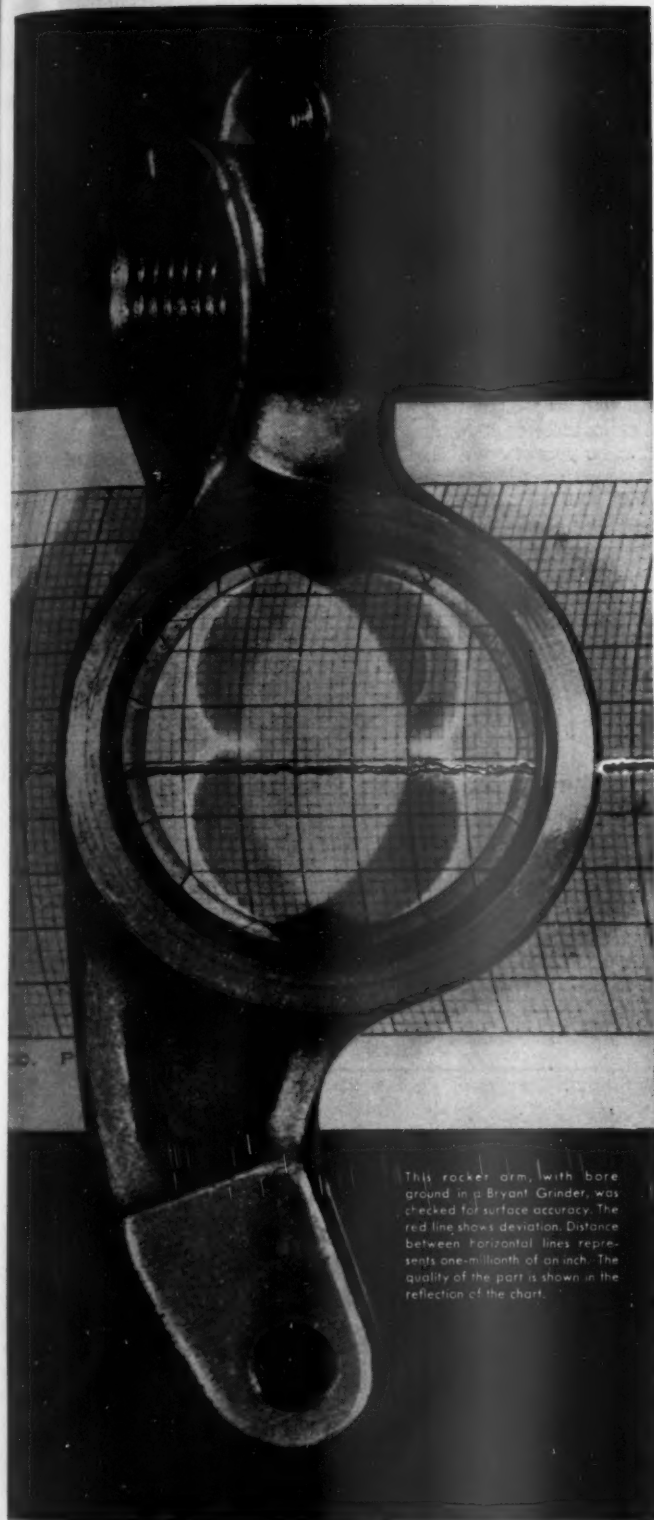
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This rocker arm, with bore ground in a Bryant Grinder, was checked for surface accuracy. The red line shows deviation. Distance between horizontal lines represents one-millionth of an inch. The quality of the part is shown in the reflection of the chart.

When you measure

Life

in millionths of an inch



Often times life depends directly on quality of finish and dimensional accuracy. In such cases, it is necessary to precision grind the bore while holding to extremely close tolerances for roundness and parallelism. In every case, rapid production must be obtained. Finding the solution to hundreds of problems like the above has given Bryant a background of engineering know-how, plus a complete line of machines to meet any problems in the internal grinding field.

WE KNOW YOUR PROBLEM IS DIFFERENT

You may never have a problem just like the one illustrated. But the next time you have ANY problem in which extreme accuracy of internal grinding must be coupled with speed of production and the maintenance of close tolerances on other specifications:

Send for the Man from Bryant!

BRYANT



CHUCKING GRINDER CO.
SPRINGFIELD, VERMONT, U. S. A.



CHAUSSE SPRAYING MACHINE

— for spraying and curing process on concrete — equipped with Quincy compressors.

IT'S A RUGGED JOB—building highways. Rough and tough is the work . . . big and burley are the machines. That's why Quincy Compressors fit in to road building so perfectly . . . Quincy can "take it."

Quincy is dependable. Quincy is sturdy. And Quincy can accommodate the requirements of almost any job it's called for. Wide variety of air and water cooled models in 1 to 80 cu. ft.; displacement, up to 500 lbs. pressure p.s.i. Ask the engineer why leading manufacturers specify Quincy . . . every time!

Quincy Compressors—for many jobs
 DRIVING • CHUCKING • LIFTING
 STARTING • INFLATING • SPRAYING
 BRAKING • BLOWING • AGITATING
 FILLING • PRESSING • PUMPING

CONTROLLING

A Quincy specialist will be glad to help you with your postwar plans.



finders and triangulation to calculate their positions.

• **Drowning the Echoes**—The second weakness stems from the very nature of a radar set's operation. A very strong radio pulse is sent out by the transmitter. If this signal strikes an object, as a ship or plane, a radio "echo" is created which is reflected back to the radar station. The elapsed time from transmission of the signal to receipt of the echo gives the distance.

Obviously, the radio echoes thus employed are very weak. So a small radio transmitter operating on the same frequency as the radar set and sending out a continuous signal has about the same effect on the radar that an electric razor has on a home radio receiver. (Major difference is that radar reception is visual, not aural.)

• **"Window" and "Rope"**—Another form of jamming employed was the dropping of metallic strips (code name, "Window") from planes or shooting them in rockets from ships. These strips, when cut to lengths proportional to the wavelength of the radar, give a signal on the radar scope that is indistinguishable from a real plane or ship. Several thousand such strips, packed in a bundle weighing less than two ounces, will give a radar signal equivalent to one bomber.

A later development of this type was "Rope," aluminum foil in coils like tire tape, with a parachute attached to one end. The long, waving strips created an effective radar "smoke screen" for planes. Late in the war, most of the aluminum foil produced in this country was going into "rope."

• **Countermeasures**—German and Japanese countermeasures against our radar equipment were not too effective, largely

because our improvements in radar came faster than did their countermeasures.

The Germans, on the other hand, froze their radar design at about the time of the fall of France, in order to achieve production. Consequently, our countermeasures caught them flatfooted.

Because radar countermeasures were concerned with high frequency, continuous wave techniques similar to those used in ordinary radio communication, the developments in transmitters and receivers are expected to influence commercial radio, frequency modulation, television, and radio relay transmissions.

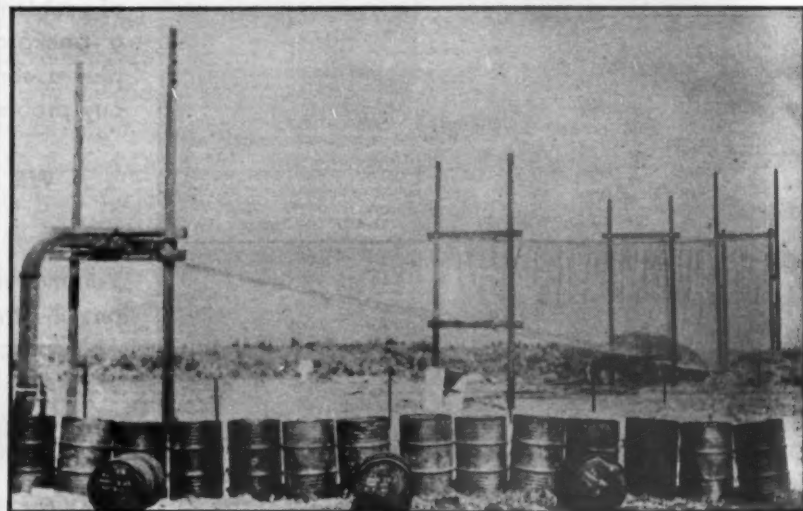
Twin-Eye Cameras

Fun with stereoscope may become popular again as modern version of old parlor pastime is about to stage a comeback.

Back in grandmother's day the stereoscope was standard equipment in every well-appointed parlor. Adults and children alike passed many a pleasant evening inspecting simulated three-dimensional views of the Parthenon, the Eiffel Tower, or the Grand Canyon.

• **On the Way Back**—That pastime appears destined for resurgence, only this time the pictures will be more personal—Aunt Hetty standing on the edge of the Grand Canyon, little Billy taking his first toddling step, brother John in his G.I. uniform.

For stereoscopic cameras, complete with the modernized version of the old stereoscope or viewer, and adaptable to both black and white and color pictures,



An improvised 150-ft.-long horn antenna of chicken wire on telephone poles blocked enemy radar with a counterbeam so powerful that its diathermy "cooked" and killed birds that accidentally flew into the 6x18-ft. horn mouth.

FOR OUR MERCHANT MARINE...



RAYTHEON RADAR for NAVIGATION

OF UNPRECEDENTED INTEREST to shipping operators and fleet owners is the announcement that Raytheon Radar for marine navigation will be produced just as soon as present restrictions are lifted ...and at a cost almost insignificant compared to its immense ability to increase the safety and efficiency of American maritime commerce.

Designed specifically for the U. S. Merchant Marine needs, it is of such outstanding importance that we are urging shipping operators to make inquiries immediately.

What Is RAYTHEON Radar?

The new Raytheon Radar for navigation is an efficient, compact, simpler model of the world-famous Raytheon-built Navy SG Surface Search Radar ... units of which serve on every fighting ship of the U. S. Navy, from destroyer to battleship. Not only was Raytheon the sole maker of the SG and SO series radar, but Raytheon's production of the vital microwave tube at the heart of all radar exceeded the combined output of other manufacturers during the last two years.

In any weather, Raytheon Radar will show the helmsman on the face of a cathode-ray tube a chart-like representation of surface objects well beyond the typical clear day horizon.

In addition, bearing and range information is available, enabling the navigator to know at all times his position with reference to surrounding objects.

Thus icebergs, derelicts, buoys and other ships can now be observed while still miles away, in spite of fog, storm or total darkness. And since shorelines, harbors, even lock entrances are clearly outlined on the Raytheon Radar 'scope,' stormbound vessels can safely ... and without costly delays ... make port.

RAYTHEON

Provides World-Wide Service

Controls and adjustments on Raytheon Radar are so simple that anyone can use it. And from the existing world-wide staff of factory-trained Raytheon technicians, ships can obtain service from Raytheon Radar experts at nearly every major seaport ...

These are compelling reasons why Raytheon Radar is virtually an indispensable protective investment for America's coming peacetime Merchant Marine. Write or wire for additional information.

ALSO COMING ... FROM RAYTHEON

- Electronic Welding Controls and Welding Equipment
- Electronic Heating Equipment for Industry
- Radio and Power Tubes
- Television, FM and AM Transmitters

RAYTHEON

MANUFACTURING COMPANY
WALTHAM 54, MASS.

Excellence in Electronics

Radio • Television • Industry • Communications



*America's
Most Versatile
Drink*

**100 PROOF
LIQUEUR**

*There's
Only One*

**SOUTHERN
COMFORT**

The Grand Old Drink of the South
SOUTHERN COMFORT CORP. ST. LOUIS, MO.

STAY *Healthy* THIS WINTER!

Now it's possible to get outdoor protection and indoor comfort . . . thanks to this exclusive ONE-PIECE underwear! Prevent needless colds and fatigue . . . wear JONES QUALITY Health Underwear. Made with LIGHT weight top you like, plus EXTRA weight from waist to ankles, where you need it to prevent leg-chilling! Rib knit, air-cell construction . . . easier to wash. \$2 up at better stores . . . get yours NOW!



All 1 Piece

LIGHT WEIGHT TOP
where you wear most clothes
... NO OVERHEATING SUMMER

EXTRA WEIGHT
FROM WAIST TO ANKLES
where trousers only are worn
... NO CHILLING WINTER

Jones
Health
UNDERWEAR

FREE BOOKLET...
Learn how to prevent the results of chilly legs. Write for the Jones Health Booklet!

AUGUSTA KNITTING CORP., Dept. 3, Office 2, N.Y.

are on the way to the popular market.

First production of the cameras with the twin eyes apparently will come from small concerns, newcomers in the field of photographic equipment who plan to use their war-developed plants, skilled personnel, and technical know-how to break into the business.

• **Reconversion Problem**—Bigger firms, like Eastman Kodak and Ansco division of General Aniline & Film Corp., will come along later. Their plans are in the formative stage. But with the tremendous pentup demand for conventional cameras, they see no need for hurry, are getting into production on much the same line of goods they were selling prewar. For such companies, such new products can better wait until sales stimulators are needed, and until the companies have had time to look beyond their immediate reconversion problems.

That situation pleases the little fellows no end, and they are striving, to capitalize on it. In Los Angeles for example, Plastic & Rubber Products Co., which started six months before Pearl Harbor and built up a very respectable war business producing aircraft hydraulic packing rings, already is tooled up to turn out its "Hancel trivision" dual lens camera. In Milwaukee, David White Co., Inc., wartime maker of navigation and optical instruments, expects to be in production shortly on a stereoscopic camera.

• **Designed for Color**—Both cameras will be sold with companion viewers. White's camera will use 35-mm. film; the West Coast firm's model will use 828 roll film. Each can take color photos.

Faster Varnishing

New process for coating of armatures and stators results in some substantial economies, Sterling Varnish Co. reports.

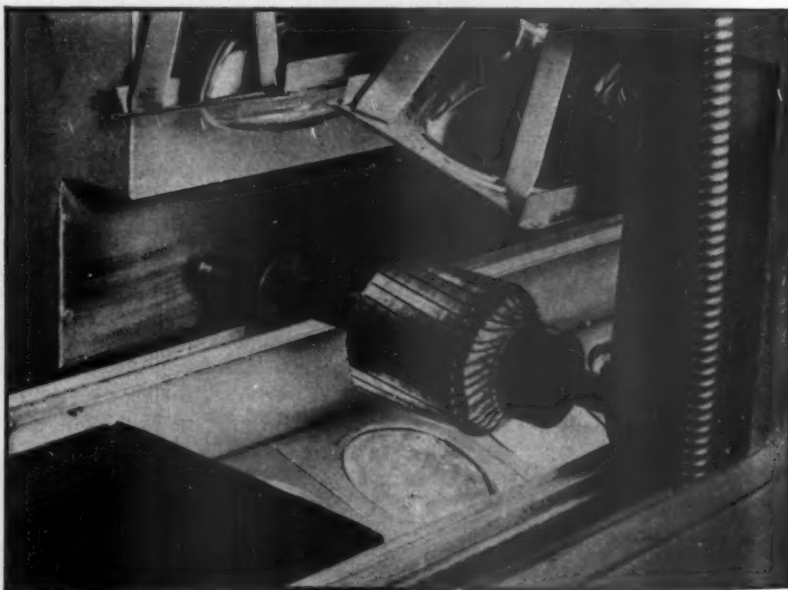
For many years one of the principal bottlenecks in production of electrical motor equipment has been the application of insulating varnish to armatures and stators.

The Sterling Varnish Co. of Haysville, near Pittsburgh, and Manchester, England, has perfected a new method which it claims lops the time consumed under old methods from 50% to 90%. In one recent application the elapsed time was cut 95%.

• **Zanderoll Process**—The process, called the Zanderoll Process (after its inventor, Don Fisk Alexander of Dayton, Ohio), utilizes an arrangement of especially designed conveyors, mechanical handling, and infrared baking lamps.

Fundamentally, there is little change from the orthodox procedure—the dip and bake method—but the various steps are shortened and correlated into one continuous process. The new process, which may also be used in the manufacture of some types of coils and other electrical products, starts with the pressing of a button and may be similarly halted at any point in the operation.

• **Readings at Any Time**—Direct, immediate temperature readings may be taken at any time by pyrometer surface contact or by resistance. The sta-



From the varnish tank, an armature heads for the baking tunnel in the Zanderoll Process which reportedly cuts coating time from hours to minutes.

tors and armatures are always accessible, and in some installations double glass walls permit observation of the treated pieces at all times. This accuracy of control effects a high uniformity of results.

An important development enables the process to retain all varnish applied in the windings, eliminating draining and uneconomical draining pans. Only a small amount of varnish is used, and exposed varnish is used up in a short time, reducing to a minimum the thinning and other measures required to maintain viscosity and freedom from contamination.

• **Varnish Penetration**—Another important feature of the process is the high degree of varnish penetration into the windings. This penetration is the equivalent of the best obtained in vacuum-pressure impregnation methods, the maker claims.

The process has aroused a great deal of interest in both the United States and Great Britain and has been placed in production in both countries. Arrangements have been made by Sterling with Blaw-Knox Co. for designing, constructing, selling, and installing equipment needed for the Zanderoll Process. Sterling has patents pending on the process in the United States, Great Britain, Canada, and Australia.

• **Advantages**—Sterling reports that the time-saving percentages are conservative and that they have been confirmed by repeated laboratory tests, and in production line operation. The company cites a high-speed armature, with body of 5½-in. length, which was treated with two coats of varnish in 45 min.

Heat and speed tests verified perfection of the insulation. The same type of armature, treated under the old method with the same varnish, took six hours' baking time for the first coat, twelve hours for the second, and did not consistently pass speed and heat tests.

Further substantial cost-savings resulted from elimination of the necessity for cleaning varnish from the shaft, elimination of drainage, and reduction of space requirements.

TO 180,000 DIAMETERS

Magnifying properties of the electron microscope (BW—May 13 '44, p. 54) have been nearly doubled by recent developments, and infinitesimal particles of atomic structure can be magnified to 180,000 times their actual size, Radio Corp. of America scientists told the Electron Microscope Society of America last week. An electron "gun" increases the image intensity twenty-fold and with a new lens makes possible visual or photographic observation of the magnified object.



HYATT QUIET

Rollers Roll—

IN THE NEW CARS

Many of the new cars and trucks scheduled for '46 delivery will have Hyatt Roller Bearings in transmissions, differentials, rear wheels and steering gear. Hyatt Bearing precision, sturdy construction and trouble-free performance have won favor with car and truck makers and owners.

Not only in the automotive field but in industry, agriculture and railroads, millions of rollers roll in Hyatts to minimize friction and assure economical operation. Hyatt Bearings Division, General Motors Corporation, Harrison, New Jersey.

HYATT ROLLER BEARINGS

OUT OUR WAY



For firm, safe footing . . . for floors that are home-clean, free from dangerous, ice-slick oil- and grease-deposits . . . the answer is SPEEDI-DRI!

SPEEDI-DRI . . . the oil-thirsty, granular absorbent . . . puts down a magic carpet that's safe for working . . . safe for walking. No expensive machinery . . . no trained personnel . . . is required to apply SPEEDI-DRI.

Just spread it around over offending surfaces . . . and you've got safety underfoot. Sweep it up, and your floors are bone-clean. SPEEDI-DRI will remove even ancient oil- and grease-deposits.

SPEEDI-DRI *saves* in more ways than one. It releases cleaning-personnel for more productive work. It pushes production up by eliminating fatigue and preventing falls. SPEEDI-DRI will not readily burn even when oil-soaked and is widely recommended by leading insurance companies. In addition, it is not necessary to interrupt production-schedules to apply SPEEDI-DRI. It works . . . while you work in safety!

Get the full story of SPEEDI-DRI and a free, generous sample. Pin your card to this advertisement and mail today.

SUPPLIERS: East—Safety & Maintenance Co., Inc., New York 1, N. Y.
South, Midwest & West Coast—Waverly Petroleum Products Co., Philadelphia 6, Pa.

SPEEDI-DRI
OIL AND GREASE ABSORBENT



NEW PRODUCTS

Articulated Fork Truck

Less aisle space is said to be required in spotting loads at right angles to aisles with the new Baker Type AIMH Articulated Fork Truck than with con-



ventional types. Manufactured by the Baker Industrial Truck Div., Baker-Raulang Co., Cleveland 13, the versatile hauler-lifter is so designed that the lifting fork, the front steering wheels, and the battery compartment swing, or articulate, as a unit from a central, vertical hinge, doing the double job of steering and placing a load at the will of the operator.

Capacity of the vehicle, which comes in both single-lift and telescoping-lift types, is 4,000 lb. Articulation is powered by an electro-hydraulic unit. The driver manipulates a steering lever with his left hand, and levers for controlling travel, tilt, and hoist with his right. A pedal actuates a brake. Field tests indicate that the truck requires minimum clearance on turns, making it available for carloading or any other bulk handling operation where loads must be spotted in congested areas.

Camless Automatic

Precision and reduction of set-up time to a minimum are the twin goals of the Warner & Swasey Co., Cleveland 3, in the development of its new Five-Spindle Bar Automatic. Gams are eliminated in the new multiple-turning machine in favor of quadrant linkages that provide infinite adjustment at the turn of a socket wrench for quick and accurate settings of the turret and the five cross slides. All five spindles are carried in a drum that is said to index without shock. Other innovations include "harmonic bar feed," micrometer setting for the cross slides, and a chip conveyor equipped with safety clutch to avoid

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Few Ignore This Warning

Traffic Signals are essential to the orderly movement of traffic and the prevention of accidents. Practically everyone recognizes that and accepts it. Even though there were no violation of the law involved, the public as a whole would still be extremely careful about driving through a red light. While there is no law which states that

checks must be on safety paper, the need for this product and the wisdom of its use have been clearly demonstrated. » » Leading banks and business men throughout the nation have long looked upon LAMONTE Safety Paper as the most effective and dependable form of protection against check alteration and counterfeiting.

For Samples of LaMonte Safety Paper see your Lithographer or Printer—or write us direct.

LA MONTE
GEORGE LA MONTE & SON

Safety **PAPER**
HUTLEY, NEW JERSEY



The Wavy Lines are a LaMonte Trade Mark

We supply many banks and business organizations with their own INDIVIDUALLY IDENTIFIED Safety Paper. The issuing organization's Trade-Mark is in the paper itself and appears on both the front and back of the check. Such INDIVIDUALIZED paper not only protects against fraudulent alteration but provides maximum protection against counterfeiting—saves Banks sorting time—helps prevent errors.



Thermoid — Key to Progress in Many American Industries



♦ OLD-STYLE SCRAPER
USED IN HIGHWAY
CONSTRUCTION



♦ MODERN
SCRAPER
USING
THERMOID
HYDRAULIC
CONTROL
HOSE

SINCE 1880, Thermoid has contributed to the progress of American Industry. In many fields of business, Thermoid Products play an indispensable part. The development of Thermoid Powerflex Wire Braid Hydraulic Control Hose has widened and accelerated the use of hydraulic controls on many types of equipment requiring flexible connections. The Thermoid Line* is the result of 65 years of research and experience that not only has kept pace with the demands of Industry, but in many cases anticipated industry's needs. The Thermoid Line* of belting and hose for materials handling and power transmission may contain the key to another step forward in the improvement of your process and the reduction of your costs—"It's Good Business to Do Business With Thermoid."

*THE THERMOID LINE INCLUDES: Transmission Belting • F.H.P. and Multiple V-Belts and Drives • Conveyor Belting • Elevator Belting • Wrapped and Molded Hose • Sheet Packings • Industrial Brake Linings and Friction Products • Molded Hard Rubber and Plastic Products.

Thermoid Rubber

DIVISION OF THERMOID COMPANY
TRENTON 4, NEW JERSEY

Contributor to Industrial Advancement Since 1880

breakage in the event of a jam. The big machine tool will now come in two sizes for 1½-in. and 2½-in. bar stock, and eventually in a model equipped with a 6-in. chuck on each spindle.

Slim Exposure Meter

Whether the Weston Master II Photoelectric Exposure Meter will fit the vest pocket without bulging, as claimed, depends much on the build of the user. Important thing is that the new post-war product of the Weston Electrical Instrument Corp., Newark 5, N. J., is far thinner than its prewar predecessor, yet is said to excel it in general utility, and resistance to physical shock.

Heart of the instrument is a photonic cell which changes light to electrical energy for registration on a dial and is extremely sensitive to low light levels. Its brightness range is 1/10 candle to 1,600 c. per sq. ft. Its restricted viewing angle enables a photographer to isolate individual objects, colors, or color groups for selective brightness measurement. In dimly lit areas, a louver over the viewing lens is swung open and the normal 0-1,600 scale is automatically displaced by one reading 0-50 c. per sq. ft. Translation of brightness readings to camera set-

THINGS TO COME

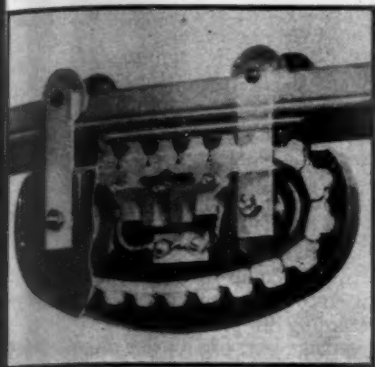
Vinyl plastic similar to that used in making skid-resistant, long-wearing shoe soles is to be the base of resilient new tiles for floors and walls. They will come in standard 4x4-in., 6x6-in., and 9x9-in. squares in several solid colors and marbled patterns. Monograms, medallions, and other design effects can be molded right into special tiles. Alkalis, acids, oils, and most other fluids promise to have no effect on them. Water won't make them slippery.

• Now that calcium chloride is being generally adopted as a layer of road dust in summer, and sodium chloride, or common salt, is being increasingly used in winter snow and ice removal, at least one of the passenger cars of the future will be equipped with heavier sheet steel in critical spots where one or the other of the salts gets in its corrosive action. Further frustration of the chemicals is promised through increased utilization of paint or plating and, in some vulnerable spots where appearance is a factor, uncoated stainless steel.

things is given automatically on the dial in accordance with film-speed ratings from 0.3 to 800 Weston units.

Crawler Trolley

Basic principles of the continuous tread on a crawler tractor enter an unrelated field in the TracTrolly, a new type of traveling current collector, or



trolley, for use with the TracTrolly System for conducting electrical energy to traveling cranes, monorails, portable tools, and other equipment that must move from place to place. It is being built by the Benbow Mfg. Co., Hobart Bldg., San Francisco 4, in combination with copper conductors which are encased in a slotted rubber rack to provide electrical insulation and a guard against shock for operators.

The crawler trolley itself has an endless chain similar to a tractor tread which effects multiple, six-tooth contact with the conductor while moving forward and backward with a crane or portable tool. Arcing and pitting of electrical contacts, as well as fire and explosion hazards, are said to be eliminated. Since the conductors come in standard 10-ft. lengths, in single or multiple types, they can be installed in either old or new plants.

Inside-Plated Pipe

By the new Bart Lectro-Clad Process, developed by the Bart Mfg. Co., 227 Main St., Belleville 9, N. J., steel pipe is plated on the inside with nickel (or other metals) for the handling of petroleum, chemicals, food products, paints, dye stuffs, and other corrosives of the ferrous metals. Nickel coatings are said to be smooth, pore-free, ductile, and so adherent to the base metal that large inside-plated pipes can be cold-drawn down to small ones. Such plating, which can be applied to pipe and tubing up to 18-in. over-all diameter in random lengths up to 20 ft., can also be applied to the inside surfaces of valves and pipe fittings of many types.



Sealed---

FOR UNFAILING ACCURACY

Built for punishment, watertight time-pieces were the watchmaker's contribution to survival at sea, and successful warfare in jungles and swamps across the Pacific.

In the same way, sealing is the contribution of modern industrial designers to longer operating efficiency for vital bearings and lower lubrication costs wherever shafts turn. National Oil Seals, designed to fit shafts of all kinds and sizes, do the first job of holding in oils and greases, and the *extra* job of holding out moisture and abrasive materials. Look to National for the newest in oil-seal construction.

Why not ask a National sales engineer to call at your plant when operating improvements or new installations are being planned? It usually pays.

5124

NATIONAL MOTOR BEARING CO., INC.

General Offices: Redwood City, Calif. • Plants: Redwood City, Calif., Van Wert, Ohio • Los Angeles, Calif. (Arrowhead Rubber Company)



WHEREVER SHAFTS MOVE, THERE'S A NATIONAL OIL SEAL TO RETAIN THE LUBRICANT

An End to Hopson's Labyrinth

Debut of General Public Utilities as top company in what remains of Associated Gas & Electric system will climax most intricate utility case on record. What happens then will be mainly up to SEC.

Early in the new year, General Public Utilities Corp., a brand-new holding company, will make its long awaited debut. Although the corporate name deliberately gives no hint of it, G.P.U. is the remodeled, fumigated, and redecorated successor to the old Associated Gas & Electric system that tumbled into bankruptcy an even six years ago (BW—May 17 '41, p.24).

• **A Record Case**—The A.G. & E. reorganization is easily the biggest and most intricate utility bankruptcy case on record. Barring one or two railroad reorganizations, it probably is the toughest chore that a bankruptcy court ever had to tackle. Attorneys defending their claims for compensation before the court reckon their time spent on the case in terms of thousands of hours. The testimony on one phase of it alone fills 12,000 pages.

Trustees and lawyers sometimes compare the regeneration of A.G. & E. with the legend of the phoenix rising from its ashes. Security holders glumly point out that there seem to be considerably more ashes than phoenix.

• **The Old and the New**—Where the two top companies of the Associated system once sported a fixed debt (so far as anything was fixed in the elastic capital structure of A.G. & E.) of about \$287,000,000, the new company will have nothing but a bank loan of \$7,500,000, a convertible debenture issue of \$7,400,000, and 7,500,000 shares of \$5 par common stock.

One comparatively small group of creditors will get approximately 100¢ on each dollar of their original investment plus 6% interest instead of the 8% their bonds called for. Aside from this special class, the best that any of the security holders will do is about 50¢ on the dollar. Many will get less than that, and a big block will have to face the fact that all of its investment has gone up in smoke (BW—Jun. 19 '43, p.121).

• **Who Participates**—Altogether, the holders of about \$220,000,000 principal amount of securities will participate in the new company. About \$32,000,000 face value of junior debt together with all the various preferred and common

issues have been shut out completely. The remainder of the debt is accounted for by various intercompany holdings.

The story of how A.G. & E. got itself into this fix goes back a long way. It begins in 1922, when a roly-poly, baldish utility consultant named Howard C. Hopson began to get ambitious.

In 1922, A.G. & E. Co. (now universally known by its nickname "Ageco") was a comparatively small utilities holding company in upstate New York. Its total assets came to about \$7,000,000. Its history since it was incorporated in 1906 had been in no way spectacular.

• **Fancy Footwork**—Hopson got control of Ageco in the spring of 1922 in a deal that involved some very fancy footwork and a scant \$100,000 of his own money. Then began a bewildering program of

expansion that converted Ageco into a sprawling corporate monstrosity, with some 180 subsidiary companies inextricably jumbled, and with properties scattered through 26 states and the Philippine Islands.

There was nothing novel about Hopson's basic technique. It was simply to buy companies regardless of how much they cost, write up their value on the books, issue all the securities the market would take, drain off the proceeds, and buy more companies.

• **Ingenious Scrambling**—The main difference between Hopson and other slick operators of his era was the superior ingenuity with which he scrambled the operation. Lawyers, accountants, and security holders could make nothing of the welter of holding companies and sub-holding companies that formed the Associated system. Hopson switched assets from company to company according to convenience and often apparently according to pure whim.

A large part of Hopson's juggling act now seems to have had no other purpose than to flimflam investors by making the operations too complicated to follow.

On top of everything else, there was Hopson's string of service companies, which sold advice to the operating companies and performed various jobs for



MIXING ECONOMICS WITH TEA

Pittsburgh ladies imbibe refreshment and learning at a novel "economic tea," presided over by hosts L. H. Gethoefer (left), chairman, Peoples-Pittsburgh Trust Co.; Robert Downie, president (center); and guest-lecturer Franklin Cole, economist (right). Convinced that women, who reportedly control 70% of the country's private wealth, are often the power behind the purse, the bank is staging a series of combined lecture-parties at which financial problems—estate analysis, setting up of trusts—and economic questions are taken up to bolster feminine faith in financial institutions, promote new business.

Let **NORTON RESEARCH**
help you . . .

RECONVERT
with
NORTON

THE same Norton research skill which solved so many wartime abrasive problems is now available to help you on your reconversion problems.

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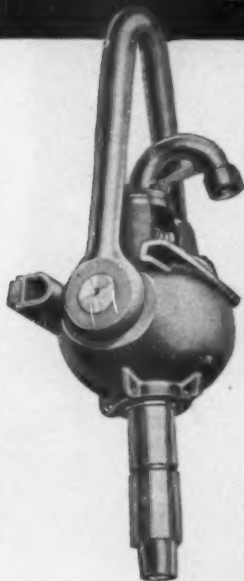
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them. These service companies not only made a thumping profit through charging five prices for their work, but also strengthened Hopson's personal control of the system.

• **Depression Strikes**—For the first ten years, Hopson had things pretty much his own way, but by 1932 the merry-go-round was threatening to break down. The depression had shaken investors into a sober mood, and there was no enthusiasm for another issue of Ageco's highly watered securities.

At the same time, the slump in business had cut the revenues of the operating companies, making it harder and harder to suck funds up to the top of the system.

• **Sleight-of-Hand**—At this point, Hopson topped all his previous stunts with a new piece of sleight-of-hand. Between 1929 and 1932, he had been shuffling assets around among four principal subholding companies, which the court later called his "corporate pockets."

In March, 1932, he suddenly transferred everything into one of these companies and changed its name from Associated Utilities Investing Corp. to Associated Gas & Electric Corp. (now nicknamed "Agecorp"). Instead of getting some sort of senior obligation, Ageco, the parent company, took ordinary common stock in Agecorp.

• **A Senior Debt**—Hopson then hustled out an issue of Agecorp 8% gold bonds, due in 1940. The issue was a flop—only



FOR BLIND TAXPAYERS

Because not even the blind are immune from taxes, American Printing House for the Blind publishes a Braille booklet on income tax. A hand-fed platen press (above), especially designed to hold the steel plates embossed with Braille characters, imprints the tables and regulations at the company's Louisville plant.

\$10,000,000 was sold—but it established a senior debt, ranking ahead of any claims that Ageco might have on Agecorp.

This fancy play threw the Ageco security holders into a dither. They had thought they had first claim on the stocks of the operating companies, which were the only genuine property that Ageco owned. Now, they discovered that Agecorp held the assets and that all they had was common stock in Agecorp, junior to any fixed debt that Agecorp might create.

Recap Plan—Hopson let the idea sink in, and then on May 15, 1933, he skillfully turned the security holders' qualms to his advantage by offering them a chance to get closer to the underlying assets. Holders of Ageco fixed interest debentures (FIDs) were urged to switch into Agecorp securities.

The hitch was that to do so they would have to take a 50% cut in principal or give up part of their interest and put the remainder on an "as earned" basis. This was the much debated Plan of Debt Rearrangement and Recapitalization (Recap Plan) that proved one of the biggest stumbling blocks in the bankruptcy proceedings.

Legal Attack Opened—Hopson spent cool \$6,000,000 chivvying security holders into accepting the Recap Plan, but he failed to put it over completely. Out of \$265,000,000 face value of FIDs outstanding, about \$206,000,000 gave up and switched to Agecorp issues. The remaining \$59,000,000 held out and opened a legal attack on the Recap Plan in general and the validity of the transfer of assets to Agecorp in particular.

In one respect, the Recap Plan had succeeded. It cut Hopson's annual interest charges for the two top companies by about \$17,000,000, thus shoving the wolf a trifle farther away from the door. It also balled up the affairs of the two top companies so thoroughly that for almost seven years everybody—security holders, the Securities & Exchange Commission, and the courts—was afraid to take responsibility for mowing the mess into a bankruptcy court.

Luck Turns—After 1933, however, Hopson's luck had turned. The holdout FIDs got themselves a burly young lawyer named Jack Lewis Kraus II, and proceeded to make things hot in court. The litigation dragged on until 1937 when Hopson agreed to put three independent directors on his board and to work out with them an equitable plan of reorganization supplanting the Recap Plan.

The same FIDs were a plague in another respect. As long as they were outstanding, Hopson had to pass money

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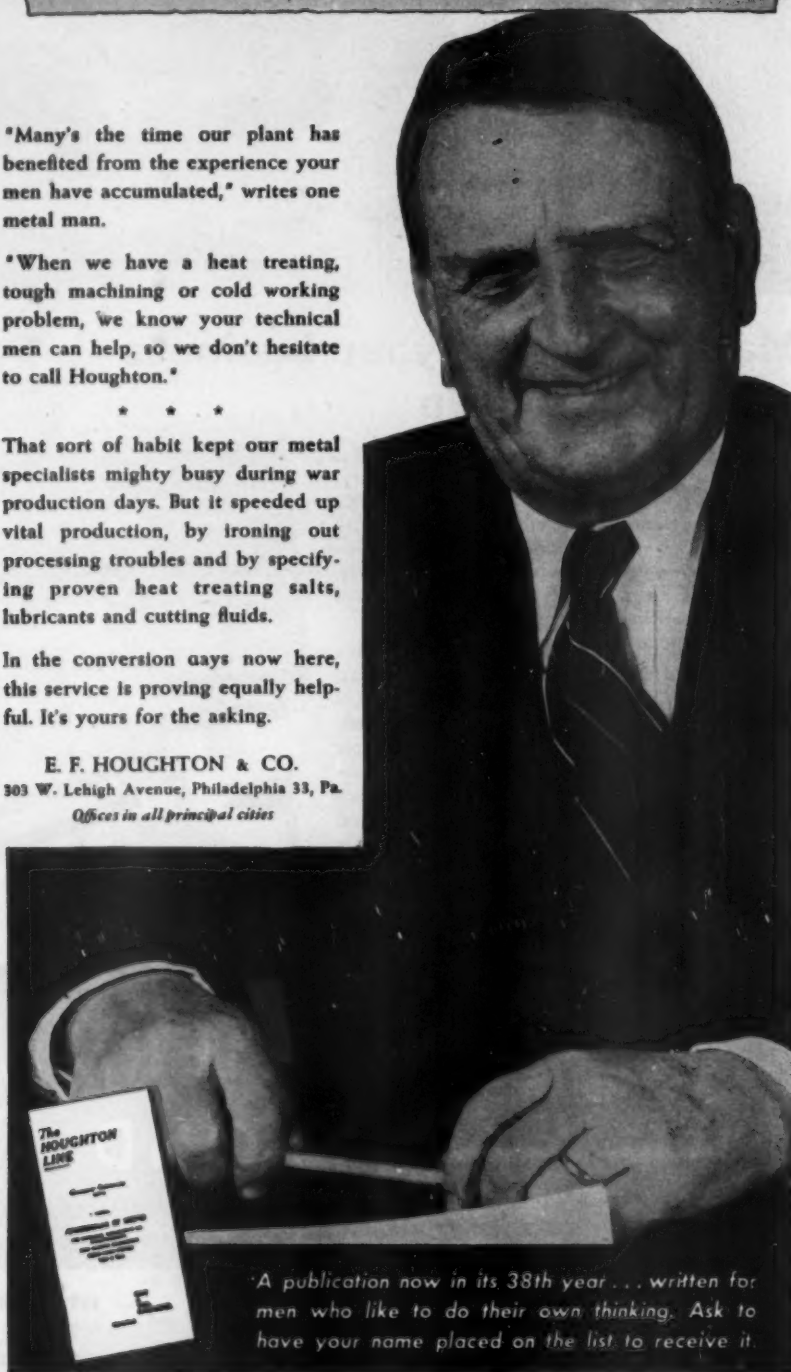
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up from Agecorp to Ageco to service them. Before he could do that, he had to take care of the interest on Agecorp's own issues, and that meant that he had to juggle his books to make Agecorp show enough earnings to pay interest on the very securities he had worked so hard to put on an "as earned" basis.

• **Congress Aroused**—Meanwhile, Congress had started work on the famous public utilities holding company death sentence. Hopson lobbied frantically against it, showering congressmen with telegrams and letters of opposition.

It finally came out that whole stacks of Hopson's telegrams were signed with names from gravestones. The holding companies act of 1935 passed, and Hopson was marked for government attention.

Things finally fell apart in 1937 when two of the independent directors resigned, charging that Hopson had blocked them at every turn. The SEC then stepped in and stopped upstream payments from Agecorp to Ageco. The jig was up. Both companies filed bankruptcy petitions, Jan. 10, 1940.

• **Five-Year Sentence**—Hopson was tried and sentenced to five years for mail fraud, but that didn't help to put his badly shattered Humpty-Dumpty back together again. Trustees took over the tedious job of sorting out the properties and rescuing what values there were.

As soon as the companies went into bankruptcy, the Recap Plan bobbed up again. Since obviously there were not enough assets to go around, the question of seniority became something to fight over. Ageco security holders contended that whole transfer of assets was fraudulent and should be ignored. Agecorp creditors rejoined that Ageco was a mere stockholder and should get nothing.

• **Compromise Accepted**—The Recap litigation probably would still be dragging through the courts if the trustees had not proposed a compromise (BW-Nov. 14 '42, p103) and if the weary security holders had not decided to take what they could get and clear out. The compromise in effect treats security holders of both companies as though the wild shuffle of 1933 had never taken place.

Bondholders who put up new money for the 8s of '40 get back their investment plus 6% interest. Other security holders are let in on the basis of the strength of their original claims against Ageco, plus or minus an allowance for interest received and a factor that one of the trustees called an allowance for the litigating position of the various parties.

• **8s of '40 Get Debentures**—Under the reorganization, holders of the old 8s of '40 will get all the debentures of the new company. All other participating

security holders will get common stock. Sorting out the rights of the bondholders wasn't the only problem of the trustees. The old Associated system was earmarked for overhaul under both the geographic and the corporate integration provisions of the death sentence. The SEC sat in "informally" on all proceedings, and made it plain that there would be no discharge from bankruptcy until the greater part of the simplification job was done.

Streamlined—The new company still has a certain amount of simplification and divestment to do, but there is little resemblance between its sleek corporate lines and the jumbled mass that was the Associated system. General Public Utilities is the top company. Below it will be a single holding company, NY & NJ Utilities Co. (usually called Nypanj). Beneath that will fan out four integrated operating systems in New York and northern Pennsylvania, western Pennsylvania, eastern Pennsylvania and New Jersey, and Georgia and Florida.

Just what happens after this is largely up to the SEC. Eventually, SEC wants to fold up either G.P.U. or Nypanj. It may or may not allow the surviving company to keep all four operating systems.

Orderly by Comparison—In any case, whatever adjustments lie ahead of G.P.U., they will be orderly, comfortable processes in comparison with the working over the system has taken in the past six years.

Meanwhile, the common stock of the new company promises to earn \$1.34 a share in the coming year and looks very good indeed to security holders who have seen no cash from A.G.&E. since 1939.

MERGER IN RAYON

Celanese Corp. of America, the nation's largest producer of acetate rayon, will absorb Tubize Rayon Corp., it is now certain, following meetings of directors of both corporations. Stockholders are considered sure to approve at meetings next month.

The directors' agreement bore out earlier reports (BW—Nov. 17 '45, p. 72) that the companies would merge. The agreement provides for each outstanding share of 4½% preferred stock of Tubize to be converted into one share of Celanese \$4.75 first preferred stock, and each share of Tubize common to be exchanged for ¾ of a share of Celanese common.

The consolidation will unite two of the three rayon companies producing both as well as yarn. Celanese now will become a producer of viscose rayon and the Tubize Corp. manufactures

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- Installing heavy valves and fittings

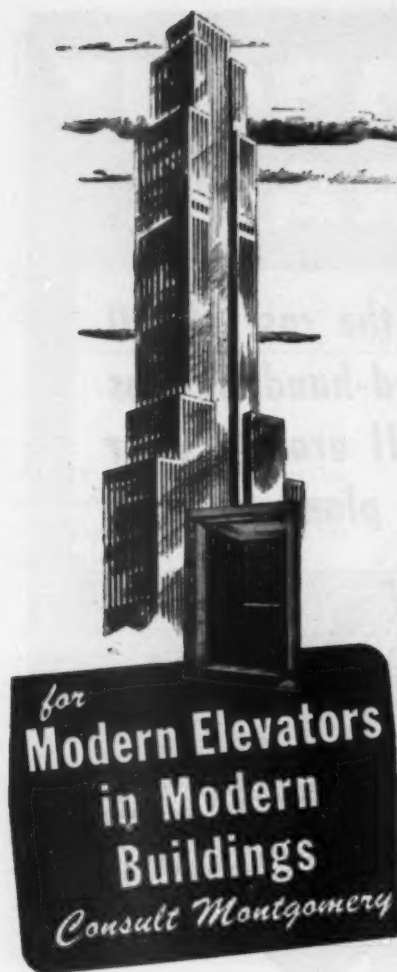


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both types. Heretofore Celanese produced only acetate.

Tubize capacity has been reported as 5,000,000 lb. of acetate and 19,400,000 lb. of viscose rayon. It is also one of the largest knitters of rayon for underwear and lingerie and a factor in the tire cord market, a line in which Celanese, heretofore, has made little headway since acetate rayon doesn't stand heat as well as viscose.

Not for Dividends?

Utility shareholders' hope for higher return as result of excess-profits tax repeal may be dashed by pressure for rate cuts.

Vulnerability of certain companies to the excess-profits tax levy (BW—Nov. 17'45,p65) ruined their chances for any spectacular increase in earnings while the war was on. When it became evident that peace was around the corner, the shares of such companies began to gain popularity with stock market participants. Especially sought after have been the common stocks of many utility holding companies and operating units (BW—Nov. 24'45,p62).

• **Betting on Two Events**—In some instances, considerations other than taxes may have influenced purchasers of stocks of companies that found themselves well up in the excess tax brackets. The fact remains, however, that many have picked up such shares because so doing seemed the best way to wager that two important events would occur soon.

First, such purchasers were betting that the excess-profits for tax levy would be quickly dropped once the war was

over. Second, they were betting that much of the tax savings resulting would accrue to them as stockholders in the shape of increased dividends.

• **Half the Battle**—As these buyers had expected, Congress lost no time in eliminating the wartime excess-profits tax after hostilities ceased. It is estimated that the nation's first postwar tax law (BW—Nov. 3'45,p17) will reduce corporate taxes next year by some \$3,200,000,000.

The second, and perhaps most important, part of their wager, however, is still to be won. Those who purchased utility stocks, in particular, are far from certain at this point that any really substantial portion of next year's tax savings will finally accrue to them as stockholders.

• **War Story**—In the early war years, few believed the utility industry had much to fear from high excess-profits tax rates. Nevertheless, hostilities lasted long enough for that group to become quite vulnerable to such a levy. Last year the power and light companies were nicked for well over \$200 million by operation of the excess-profits tax.

The Boston Edison Co., for example, according to estimates of some Wall Street utility statisticians, might have been able to increase its 1944 per share common stock earnings about \$0.82 or by some 40%, if it hadn't had to pay excess-profits taxes. Such other leading utilities as Commonwealth Edison, Idaho Power, Houston Lighting & Power, and Philadelphia Electric, they report, might have been able to up 1944 profits by as much as 30% to 37%.

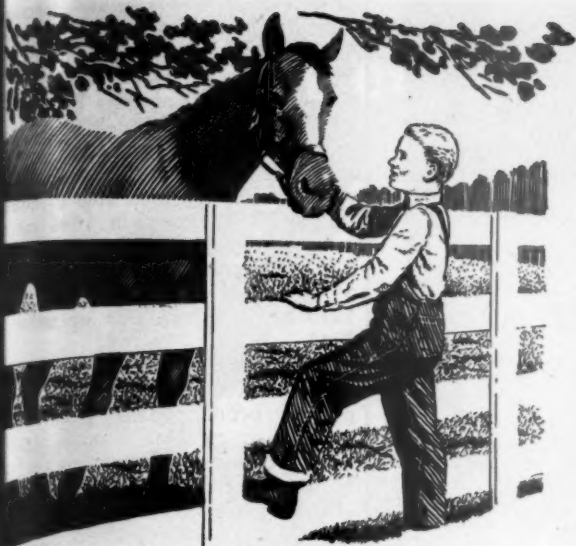
• **Other Possibilities**—On the same basis, 56% to 78% gains could possibly have been scored by Niagara Hudson Power Electric Power & Light, Columbia Gas & Electric, Pacific Gas & Electric, Pub-

FOR HOT COMPETITION

With its new cordless electric irons in mass production, Eureka Vacuum Cleaner is set to make a big splash in the household appliance pond. Traditionally a maker of cleaners, Eureka obtained manufacturing rights for the iron from Detroit's Chereton Products Co., made refinements, now aims for national distribution through utilities companies, stores big and little. It plans other units in the appliance category, but notwithstanding its new focus, Eureka's real bread-and-butter line is still vacuum cleaners. And in spite of the ever-growing competition, it has hopes of becoming the No. 1 company in the cleaner



field, recently made an agreement to furnish all Montgomery Ward cleaners for three years.



The Story of STEWEY and the COLT

Reading time: 1 minute, 48 seconds

"We lived on a back road in the Blue Grass country of Kentucky. Like everybody down there I was crazy about horses, and finally bought a colt with money saved hoeing my own patch of tobacco.

"I took care of that colt like a baby and he took mighty good care of me. He got me my early education, taking me daily to the mailbox four miles away for newspapers and magazines and now and then into town where I saw city life.

"I used to read my newspapers and magazines in and late at night, 'til the doctor made me quit to save my eyes. But just about then Dad bought a second-hand car and that opened up another world for me.

"When I grew too big for the colt I did most of my running around in the old car. That's how I got the urge to really quit the farm for the big city. It was an awful day when I sold my beloved colt to buy the railroad ticket.

"I didn't know a soul in the city. The landlady warned me about playing poker and such things with her boarders. In a week or so I had two jobs, one working days in a machine shop and the other working nights in a tire factory. I couldn't stand the hours, so got one job taking care of a truck fleet for a dairy.

"I still felt pretty lonesome, so when I met a girl from out of town who was lonesome too, we got married. We talked things over and decided we'd skimp and save and that I'd start going to night school. For years I kept at the books. It was a great day when I got admitted to the bar, and

a still greater one when I hung out my own shingle in the real estate business.



"Ever since I drove Dad's old car I loved automobiles. My silent partner in the real estate business was a successful dealer handling DeSoto and Plymouth cars. When he died suddenly I knew that big responsibilities had come to me. I mortgaged everything to hold the automobile business, made real partners out of the bookkeeper, the sales manager and the service manager.

"By 1939 we had our debt under control and our gross sales had reached a million dollars. We had more than twenty salesmen and almost as many mechanics in the service department. As soon as we could we made every faithful employee a partner in the business. We went through the war years without a hitch, doing a big parts and service business and paying off the balance of our debt.

"We're all set now for an exciting future. We've made thousands of new friends during the war years. Our main building is a handsome one, 32,000 square feet; our parts wholesaling place is 10,000 more. Now we're getting ready to add another 20,000 feet to our main building. The other day I stood out in the street and looked at our wonderful set-up and it seemed only yesterday that I sold that colt of mine for the railroad ticket that brought me here."

NOTE: This is another true story of individual effort and enterprise, from the records of the Chrysler Corporation.



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lic Service of Colorado, and American Gas & Electric. Between 83% and 95% rises in per share profits might well have been recorded by Louisville Gas & Electric, Engineers Public Service, and Public Service of New Jersey.

Even bigger gains might have been achieved. National Power & Light, for one, should have been able to double the \$0.79 it earned in 1944 on its common stock. Southern California Edison conceivably could have earned \$4.14 a share instead of \$1.67 if the 1946 tax law had been operative in 1944.

• **An Important "If"**—There's a big "if," however, with reference to the postwar period. Many stock buyers made their gamble, it now appears, while overlooking the fact that the public regulatory bodies under which the utilities must operate have also had their eye on the industry's excess profits tax payments.

Michigan offers a case study. Early in 1943, Detroit's city council demanded that Detroit Edison Co. reduce the rates charged by a sum almost equal to the company's federal excess-profits tax bill. When this attempt brought no results, the council adopted an ordinance levying a tax of 20% on the gross revenues of that company and Michigan Consolidated Gas Co. (BW-Feb. 17'45, p.46).

• **Unconstitutional**—This levy was later declared unconstitutional. However, Detroit Edison and other Michigan utilities have since been ordered by the state's Public Service Commission to refund to customers sums almost equal to their excess-profits tax payments. And, though the companies are contesting such a reduction, Detroit believes it will eventually do the job the city council had in mind.

Similar action in another quarter is now being taken. Since mid-1944, the Kentucky State Public Service Commission has been scrutinizing utility companies with a view to possible rate reductions, either through new rates or by the refund method. Particular attention has been paid to the subject of federal taxes.

• **Must Show Cause**—Now that repeal of the excess-profits tax has removed the burden, the commission has wasted time directing 16 companies to show cause why they should not pass on the saving to their customers.

Included in the group is Louisville Gas & Electric Co., which paid some \$2,900,000 of excess-profits taxes last year and is already the subject of action by the city of Louisville asking the commission to order a cut in rates of \$3,400,000 annually.

Many Wall Streeters expect similar activity in other localities before long.

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● 1st operation on automatic part—turned from bar stock—15 operations in 16 seconds.

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Set up for second operation showing magazine in position.

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DECEMBER 8, 1945

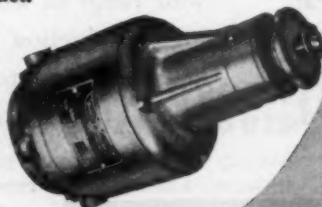
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Scotch capital predominates has
weathered war well, is now an
influence toward stabilization.

American confidence in the stability
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demonstrated during the war by the un-
diminished importance of Empire in-
surance companies as a factor in U. S.
business.

With the hazards now past, these
companies supply a powerful impetus to
current negotiations in Washington
aimed at stabilization of exchange be-
tween the two countries.

• **Lloyd's Leads List**—Famous Lloyd's of
London (BW—Nov. 24 '45, p. 69) is the
biggest and best known foreign in-
surance underwriter operating in the
U. S. But it's only one of a very large
group.

The Journal of American Insurance
recently ascertained that 65 foreign in-
surance companies were actually en-
gaged in writing fire and casualty poli-
cies from American branches. There
were also 56 active fire and casualty
companies incorporated in the United
States which were alien-controlled
through majority stock ownership.

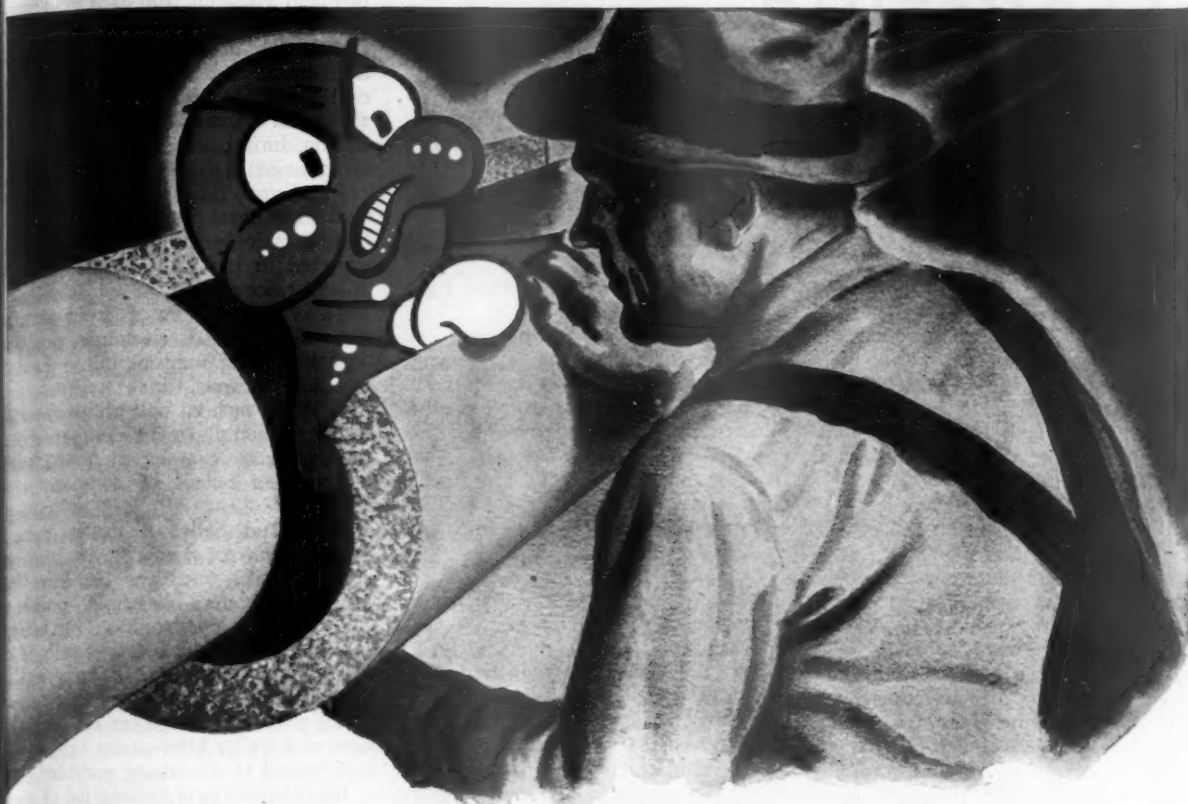
Represented in the ownership of
these companies were the interests of 14
scattered foreign countries, including
five members of the British Empire.
Predominating, however, was British
and Scotch capital.

• **What They Do**—The group's stake in
the domestic fire and casualty business
isn't a particularly small one. Last year
its premium income crossed the \$350
million mark and equaled some 18%
of the total reported by all stock casu-
alty and fire companies. Also, the
dividends or direct remittances to
"home offices" of members totaled
some \$22 million.

In the casualty field, these companies
are an especially important factor. Two
prominent British-controlled members
of the group, for example, are the
Globe Indemnity Co. and Royal In-
demnity Co., each of which could boast
of over \$19 million of 1944 premium
income.

• **Across the Sea**—Of the foreign-domi-
ciled companies, Employers Liability
Insurance Corp., Ltd., which maintains
its headquarters in England, was able
to report almost \$29 million of U. S.
premiums written in 1944.

A Scotch company, General Acce-
dent, Fire & Life Assurance Corp.,
Ltd., disclosed \$19 million of such
income.



How to collar Mr. BTU—for keeps!



NATIONWIDE DISTRIBUTION—
Warehouse stocks of the broad Carey line provide service regardless of job location.



CAREY INSULATION ENGINEERING SERVICE makes available the knowledge and experience of leading authorities.

Every uninsulated or inadequately insulated pipe, boiler, oven, turbine or furnace is an invitation for BTU's to go AWOL . . . and waste costly energy.

The way to keep BTU's on the job—and working, is by making sure your equipment is properly insulated . . . adequately insulated.

Carey takes the guesswork out of heat insulation by offering you (1) a complete line of types, sizes and shapes plus (2) the engineering ability to determine the one best or combination of insulations for your needs.

To benefit by Carey's 70-odd years of heat insulation experience just write—



TRAINED ERECTION AND SERVICE CREWS "make sure" the job is done right.



BROAD LINE FROM ONE SOURCE.
No need to compromise with desired results. You get the right insulation for the job.

THE PHILIP CAREY

LOCKLAND, CINCINNATI 15, OHIO

Carey

MANUFACTURING CO.

IN CANADA: THE PHILIP CAREY CO., LTD.
OFFICE AND FACTORY: LENNOXVILLE, P. Q.

Careyduct • Industrial Insulations • Rock Wool Insulation • Asbestos Shingles and Siding • Asphalt Shingles and Roofings
Built-up Roofing • Roof Coatings and Cements • Waterproofing Materials • Asphalt Tile Flooring • Pipeline Felt
Expansion Joint • Asbestos Wallboard and Sheathing • Corrugated Asbestos Roofing and Siding • Miami-Carey Bathroom Cabinets and Accessories

MARKETING

Fuller Brush Man Comes Back

Never really out of home market, company is again building up army of door-to-door dealers, confident its sales system will pay off again. Industrial business also assigned an important role.

That man's here again. Many a U. S. housewife who saw neither hair nor hair—nor bristle—of the Fuller brush dealer for four war years now answers the doorbell to discover that Fuller brushes are back on the market, and on her doorstep.

Strictly speaking, they never left the market, but the number of dealers was pared from the prewar 6,000 to a wartime 2,600 to fit diminished supplies of merchandise, and these dealers were concentrated on remunerative territories. Hence many doorsteps were bypassed by the sample-laden men whose best advertising is the gags at their expense.

• **To New Heights**—Understandably, the earnings of these chosen few soared to heights unique in Fuller history. In 1941, a typical dealer's weekly sales of \$95 netted him around \$40 (at about 42% commission, averaging varying rates on different items and including bonuses). That was a man-sized increase from the 1930's, when classified ads inserted in local newspapers by Fuller branch managers promised no more than \$25 to \$30 a week. But last year and this weekly sales rose typically to about \$125, bringing the dealer an unheard-of \$50 and more a week. He could have done even better if Fuller's output had not dropped 40% because of shortages of materials and labor, and because of industrial and military demands on the company's productive capacity.

The halcyon days of fat commissions are not over, however. Tall, broad, thoughtful-looking Albert C. Fuller—since 1908 the prototype of today's brush-bearing canvassers, and now chairman of the board—estimates that pent-up consumer demand could absorb four times the company's present production.

• **Temporary Bottleneck**—Raw materials are still a bottleneck, though a temporary one. While the statue of a wild boar is still enshrined in the executive halls of Fuller's Hartford plant, the company now uses fiber, plastic, and even horsehair bristles as well as hog bristles. Even during the war, the pinch on these and other materials was not as tight as in many less fortunate industries.

Cleanliness being next to food and shelter in the eyes of the government, even civilian items like toothbrushes carried a high priority. Industrial brushes, which jumped from the prewar 10% of Fuller sales to 40%, had their own urgent claim on raw materials. Company officials estimate that in another five years this growing branch will account for 25% of all sales.

Albert C. predicts that "if things are anything like normal, the company will be operating at capacity for the next five years."

How the Fuller army will be mobilized to sell that capacity output is a familiar story, for the company contemplates no change in the elaborate sales organization which it has built on the principle that the more men it arms with samples and sets to ringing doorbells, the more brushes it sells.

• **Method of Operation**—Each of the 101 branch office managers has at least

two field managers, and each field manager supervises at least five dealers. By giving each managerial level an override on its subordinates' commission earnings, Fuller persuades its field organization to shoulder the burden of finding, hiring, and training new dealers to maintain the normal complement.

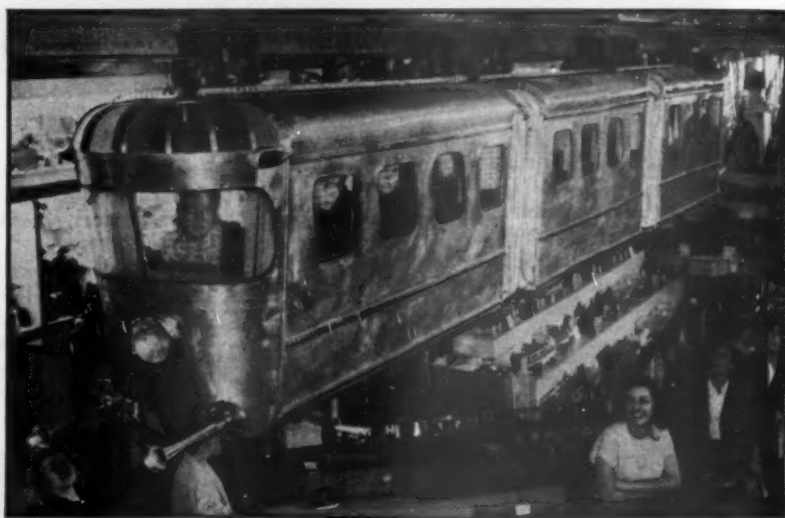
Just before the war, the abnormally low dealer turnover made it necessary to take on only 6,000 new men annually, but in less lush days it required at least twice as many.

Fuller's designation of its representatives as "dealers" is, of course, no sales department euphemism, but a careful legal distinction which relieves the company of such tax obligations as social security, unemployment compensation, and workmen's compensation which are incurred on behalf of company employees.

• **Buyer and Seller**—A dealer merely signs a contract which gives him an exclusive sales territory. He buys his brushes, brooms, household polishes, and related merchandise (including toothpaste) at wholesale, and sells it at Fuller's "suggested" retail prices. His exclusive territory makes it impractical to cut prices and hence cut his commission, and Fuller brushes are sufficiently high priced to discourage padding.

He generally pays for one lot of merchandise when he orders another, and his maximum credit is about \$200.

Early in the war, branch managers advertised for female help, but the num-



RIDE OF THE FUTURE FOR FUTURE CUSTOMERS

With the present generation of moppets talking in terms of jet propulsion, neutrons, and atomic energy, Milwaukee's Boston Store meets the emergency with a "rocket express" that roars around the ceiling of the toy department. It's a miniature train, has three steel cars with never an empty seat on any trip. The front car is fitted with a glaring headlight and two blaring horns. The rear has "jet rockets" which shoot out streams of harmless sparks.

ber of Fuller brush women never exceeded 10%, chiefly because heavy sample cases and heavy delivery loads make it a job for only the husky.

• **Advertising Policy**—Fuller's almost unbroken upward sales curve since 1933 (last year reaching the all-time high of \$14,869,902) has been accomplished with scant help from advertising. About \$30,000 of the company's \$150,000 annual budget is spent for trade paper advertising to boost industrial sales.

The rest is divided between half-payment of local newspaper advertising (the branch manager pays the other half) and about twelve insertions in the Christian Science Monitor, the personal choice of Albert C.

• **60,000 Calls a Day**—It was at the bottom of the business cycle in the early 1930's that Fuller decided it didn't have to spend its then-current \$400,000 a year on magazine and radio advertising. It may still attribute the Fuller brush man's present stature as a national institution to the half-hour radio program which it once sponsored. But significantly the company puts its sales faith today in the 60,000 calls which its dealers make on U. S. homes every day, and in the "Fuller Handy Brush Card"—now grown to a 2-page illustrated folder—which they hand out by the millions.

This leaflet (which Fuller gives to the dealer) entitles the housewife to a small twisted-in-wire "handy" brush (which the dealer buys at nominal cost) free on the dealer's next call.

• **Stores Given Up**—One other marketing experiment served only to clinch the company's belief in its 39-year-old distributive system: In 1933, a fair-sized chain of retail stores was established throughout the country to supplement the Fuller brush man's operation.

By 1937, the stores were closed, because Fuller was more convinced than ever that only house-to-house canvassers could provide the "education in the use of a set of cleaning tools" that induces women to buy Fuller brushes.

AD SPACE THREATENED

Newsprint shortages on the Pacific Coast, aggravated by the lumber strike in the Northwest and by manpower shortages in the pulp timber industry, are causing publishers to reappraise their space allowances, already shaved close by war-born stringencies.

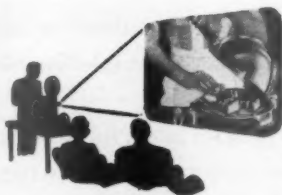
In San Diego, the Union and Tribune-Sun have warned readers that advertising space may be rationed. San Francisco dailies also have been watching their supplies shrink, but so far have taken no concerted step to budget space beyond wartime restrictions.

The San Diego papers are balancing



DEMONSTRATE PRODUCT PERFORMANCE

with the
**RCA SOUND FILM
PROJECTOR**



Make a film of your product in use, under typical conditions; include close views of complex operations—scenes of product applications that could not be displayed without elaborate preparation. Show your movie demonstration to your staff and your customers—pictures that move and talk make your sales story more effective.

It is easy to show films on the RCA Projector. Set it up wherever convenient, in office, auditorium, showroom or plant. RCA Projectors are simple to operate, give dependable performance.

RCA engineers have designed a projector that provides brilliant illumination and quality sound. This careful engineering is backed by RCA's constant research in the development of picture and sound reproduction. For detailed information on the RCA Sound Film Projector, send for descriptive booklet. Write: RADIO CORPORATION OF AMERICA, Dept. 70-168FR, Camden, New Jersey.

RCA 16mm PROJECTORS

70-6536-168



RADIO CORPORATION OF AMERICA

RCA VICTOR DIVISION • CAMDEN, N. J.

LEADS THE WAY . . . in Radio . . . Television . . . Sales . . . Phonographs . . . Records . . . Electronics



WHERE DO LOW SELLING PRICES START?

Low selling prices and large volume are natural associates.

So are high selling prices and limited volume.

Labor is just like management—it has something to sell—its ability to produce.

When labor says “pay me more money”, without saying “we’ll produce more” labor’s Sales Department is killing off its own market.

But if labor would say “let us produce more, by working together on plans and methods and materials—then you pay us accordingly”, that’s a different story.

High selling prices, boosted by labor rates, restrict sales and hurt everybody.

Low selling prices, held down by increased production, broaden markets and help everybody.

It benefits neither labor nor management to scramble for a bigger share of dollars that are never earned.

And dollars are earned only by making profitable sales.

Geo. P. Trundle Jr.
President



THE TRUNDLE ENGINEERING COMPANY

Brings to Industry and Business

26 Years of CONSULTING MANAGEMENT ENGINEERING EXPERIENCE

GENERAL OFFICES • CLEVELAND • BULKLEY BUILDING

CHICAGO

NEW YORK

City National Bank Bldg., 208 S. La Salle St.

Graybar Bldg., 420 Lexington Ave.

their stock against probable space demands. The prospect is that the biggest advertisers—the bread-and-butter accounts—will be limited in December to 70% of their December, 1944, space. Smaller advertisers may be cut 50%.

Attempts to re-establish contact with prewar sources of supply in Sweden proved fruitless. The Swedish mill sees little prospect of resuming shipments of newsprint to the United States before the end of 1946.

Boost for Video

Television demonstration in Philadelphia store reveals selling power. Polls show that customers like short programs.

Three separate surveys on the results of the first intrastore television demonstration, at Gimbel's, Philadelphia, from Oct. 23 to Nov. 15, came up with differing conclusions on specific points but in general agreement on the most important point—that the demonstration was a success so far as it indicated a future for intrastore video. The surveys are by Gimbel's, Radio Corp. of America, which jointly sponsored the demonstration, and Television magazine.

• **They Like It Straight**—Gimbel's conclusions: Customers like a straight merchandising approach, without benefit of skits or other entertainment. Short presentations of merchandise—five minutes at the longest and preferably two or three minutes—are best.

Gimbel's reported a definite sales gain in departments whose merchandise was telecast from a central auditorium to the 20 receivers scattered around the store.

Perhaps the store's most significant conclusions relate to equipment and costs. Gimbel's sees a need for more efficient cameras and projectors, larger screens, and a spreading of costs, with national advertisers helping to foot the bill. One answer to Gimbel's demand for equipment better adapted to intrastore use may be the Radio Corp. of America's new image-orthocon camera (BW—Nov. 3 '45, p74) which is expected to cut programing costs.

• **Aid to Shopping**—RCA-Victor, which cooperated with Gimbel's in the tests, comes up with somewhat different conclusions. A poll reflects answers from 2,837 of the total 225,000 customers who saw Gimbel's television during the three-week demonstration.

Some of this poll's findings: Approximately 1% said that the average-ten-minute show was too long, 23.4% said it was too short, 52.2% said it was about right, and 21.4% didn't answer the

question on length of show. In response to a question on entertainment, 37.6% said they would like more, 25.1% voted for more merchandise, 37.3% didn't answer. On the question, "Do you consider 'Shop by Television' an aid to shopping?", a significant 88.9% said yes, 5.4% said no, 5.7% didn't answer.

• **Selling Power Revealed**—A day-long poll by Television magazine brought out these reactions: 71% preferred entertainment along with merchandise presentations, 11% preferred straight merchandising, 18% didn't answer. Some 86% of those polled hoped that Gimbel's would continue to use television; 82% saw the program clearly; 57% intended to buy a television set. On the most important subject of all—television's selling power—82% were able to name the merchandise shown, 22% intended to buy it, and 8% intended to buy at once (a checkback revealed that 8% actually did buy).

A survey of department stores by Television magazine shows that, while most are interested in intrastore television and while a good many consider it a sound idea, very few (only 5% of those surveyed) have any immediate plans for going into it. For most stores, costs are the principal deterrent. The cost of a full intrastore installation is currently estimated at somewhere between \$30,000 and \$50,000 with operating costs coming to another \$50,000 annually.

STREAMLINED N.A.W.G.A.

Streamlining its organization, the National-American Wholesale Grocers Assn. recently announced separation of its activities into four special industry groups. Included in the move was affiliation of the National Institutional Food Suppliers Assn. with N.A.W.G.A. to form a special committee representing food distributors who specialize in sales to hospitals, hotels, and other large institutional buyers.

Other committees will represent (1) service wholesalers supplying local retail outlets; (2) wholesalers catering to cash-and-carry retailers; and (3) companies selling to voluntary chains.

The Institutional Food Suppliers group was formed three years ago to handle wartime rationing and price problems for 28 institutional wholesale houses having combined annual sales of over \$200 million.

The enlarged N.A.W.G.A. will offer its membership Washington coverage on legislation and will speak for it before government agencies. The separate trade committees will also continue the organization's efforts to support the independent retailer's competitive position.

New Baker ARTICULATED Fork Truck cuts aisle requirements



Revolutionary new principle increases available storage area.

DESIGNED PRIMARILY FOR EFFICIENT WAREHOUSE OPERATION

A basically new design* involving a new method of steering by "articulating" the frame, permits swinging the load to line it up in position without lining up the truck itself. Thus this truck requires about two feet less space for placing loads at right angles to aisles. It needs less clearance on turns, and speeds carloading or any other handling operation where loads must be lined up or positioned in congested areas.

Specific advantages of this truck are:

1. Works in narrower aisles.
2. Turns in a smaller radius.
3. Spots loads quicker and easier.
4. Control units are more accessible.
5. Simpler Steering design cuts maintenance.
6. Permits mechanization of handling where hand trucks were necessary because of space limitations.

Field tests in both warehouse and production operation have proved the many advantages of this new truck. For complete specifications request Bulletin 1330.

*Licensed under Stevenson Patent No. 2,284,227.



BAKER INDUSTRIAL TRUCK DIVISION of The Baker-Raulang Company

2164 West 25th Street • Cleveland, Ohio

In Canada: Railway and Power Engineering Corporation, Ltd.

Baker INDUSTRIAL TRUCKS

The Hearst Newspapers called for invincible



NEW YORK AMERICAN, MARCH 12, 1937

ers long ago

ble U.S. AIR POWER

"Whatever is right can be achieved through the irresistible power of awakened and informed public opinion. Our object, therefore, is not to enquire whether a thing can be done, but whether it *ought* to be done, and if it ought to be done, to so exert the forces of publicity that public opinion will *compel it to be done.*"

W. R. Hearst

In 1910 the Hearst Newspapers predicted that when war broke out flying ships would destroy fighting ships.

In 1924 the Hearst Newspapers warned that our surest way to peace was to build an unbeatable air force.

In 1925 the Hearst Newspapers strongly supported the campaign of the late General "Billy" Mitchell for greater emphasis on military air power.

In 1926 the Hearst Newspapers criticized Army and Navy Brass Hats for failure to develop air strength.

In 1928 the Hearst Newspapers called attention to Germany's great and growing strength in commercial aviation.

In 1934 the Hearst Newspapers again called for a formidable air force.

In 1935 the Hearst Newspapers called our \$13,000,000 budget for aircraft defense "hopelessly inadequate."

In 1937 the Hearst Newspapers pointed out that America stood almost at the bottom of the list of great nations in building war planes.



Pfaudler Glass says "NO!" to a Voracious Destroyer



CORROSION is a voracious destroyer. If means were not available to check it, some processes could not function. Within the chemical, and in some cases the food industries, are reactions which set up extremely corrosive conditions. Physically and financially, the answer is usually Pfaudler acid resisting glass-lined equipment. It is resistant to all acids, except hydrofluoric. It can be designed to provide for the necessary pressure, temperature and agitating requirements to handle the job most economically.

A good case in point is the manufacture of D.D.T. The reactor shown is one of many installed in one of the largest D.D.T. plants. The reaction is extremely corrosive, yet these units have more than met the test.

To avoid corrosion, to eliminate product contamination, to permit maximum processing flexibility, specify Pfaudler glass-lined steel equipment. Reactors, stills, solvent recovery equipment, tanks, mixers, pipe, fittings and valves available in standard designs. The Pfaudler Co., Rochester 4, N. Y.

Pfaudler
ROCHESTER 4, NEW YORK
WORLD'S LARGEST MANUFACTURER OF
GLASS-LINED STEEL EQUIPMENT

Proctor's Policy

Maker of small electrical appliances lets it be known how and to whom it will sell. All of output will be fair-traded.

Durable goods manufacturers are taking reconversion as the signal for a general overhauling of their merchandising practices. They figure that today's sellers' market provides the ideal opportunity for initiating, or in some cases reiterating, policies which they have long regarded as desirable but which few of them were able to achieve fully in the competitive prewar market.

Proctor Electric Co., maker of such small electric appliances as irons, toasters, waffle irons, and roasters, provides a good case study. This company is wrapping up its housecleaning in a single statement of "merchandising policy" which is now going out to its distributors.

• **The Word**—These are the principal points of Proctor policy:

(1) Production of private brand appliances has been discontinued. Before the war Proctor manufactured appliances for sale under the private labels of mail-order houses, chains, and large department stores such as R. H. Macy & Co. in competition with its own brands.

(2) Proctor will sell only through franchised wholesalers. Direct sales to

department stores, chains, cooperatives, tea and coffee companies, buying syndicates and other mass distributors have been discontinued.

(3) Proctor will not sell direct, or countenance sales by franchised wholesalers, to loft operators, discount houses, and large industrial and business organizations which resell to their employees at a discount from established retail prices.

(4) All Proctor merchandise will be fair-traded under the minimum resale price maintenance laws now in effect in 45 states. In this, Proctor is following a mass movement by appliance manufacturers toward the promised land of established fair trade prices (BW-Oct. 6'45, p87).

• **Expansion**—As might be expected, Proctor is initiating these policies against a background of expanding production and distribution. A division of Proctor & Schwartz, best known as a manufacturer of industrial drying equipment, Proctor Electric entered the appliance field 17 years ago.

Distribution spread out from the company's Philadelphia plant to major cities on the East Coast, then to the Midwest. By 1939, Proctor had a measure of national distribution. Now Proctor hopes to blanket the country.

• **Loud Hosannas**—Independent dealers are welcoming the announcement of new merchandising policies by Proctor and other manufacturers with loud hosannas. Somewhat surprisingly, manufacturers report little resistance from chains and other large retailers who have depended in the past on close buying



Proctor Electric Co., planning a new program to market its appliances, gets a break in New York's Ninth Federal Savings & Loan Assn. window display featuring Proctor's products. The association is making the most of pentup demand to get a new promotion angle on loans for home improvement.

PLANS

TO SIMPLIFY YOUR BUSINESS PAPER WORK

Send for free folders which give full details on how Mimeograph duplication speeds and simplifies major business functions

With Mimeograph* duplication, an amazing number of paper work functions can be handled with one writing. This not only simplifies clerical detail, it also shaves down the margin for error and injects more positive

control all along the line.

To show you how this works out in actual cases, two folders detailing the Mimeograph method of handling these important functions are ready to come to your desk.

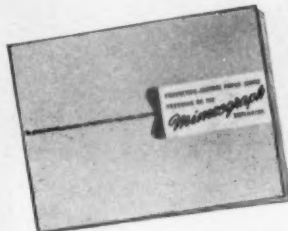
PURCHASING, RECEIVING AND INSPECTION



Positive control over all purchased parts and raw material—and a single writing does it! Purchase order, receiving and inspection forms, in sufficient quantity to go to every-

one concerned, are produced from one original writing on a Mimeograph form-topped stencil sheet.

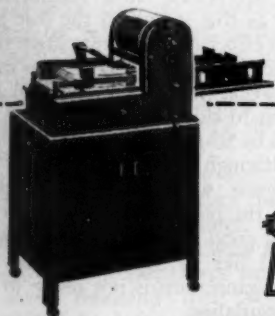
COMPLETE PRODUCTION CONTROL



Paper work that controls, speeds and systematizes factory functions. With the method offered by Mimeograph duplication, unnecessary rewriting is eliminated. One writing does the work of many. The black-on-white copies produced on the Mimeograph duplicator stand up under factory handling, remain clear and legible.

Mimeograph duplicator

*MIMEOGRAPH is the trade-mark of A. B. Dick Company, Chicago, registered in the U. S. Pat. Off.



**MAIL COUPON FOR FREE COPIES
OF THESE FOLDERS** ➔

A. B. DICK COMPANY, Dept. R-1245, 720 W. Jackson Blvd.,
Chicago 6.

Please send me literature on your method of handling these
business functions:

- ☐ Purchasing, Receiving and Inspection
☐ Complete Production Control

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COMPANY
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Les Moore

OF LEBANON

TESTS "TENSILES" FOR TURBINES



"LES" MOORE is a veteran of eighteen years service with Lebanon Steel Foundry. A skilled test man in the physical laboratories, "Les"

has often applied his experience to tensile strength tests of the high temperature Circle alloy used in modern gas turbines.

Applications of these greatly improved turbines may bring you... as a member of the public... swifter and more economical travel on land and sea and in the air. Gas turbines may also bring you... as a business man... power savings and increased power

efficiency. Study of these turbines is an important division of a current research program... the most extensive in the history of American railroads. Gas turbines have also been successfully applied to equipment that "cracks" oil for gasoline.

Engineers, metallurgists and laboratory test men... like "Les" Moore... helped make possible the modern gas turbine through specific study of castings requirements. Such study may result in better castings for you. For assistance, consult Lebanon.

LEBANON STEEL FOUNDRY, LEBANON, PA.

"In the Lebanon Valley"

ORIGINAL AMERICAN LICENSEE GEORGE FISCHER (SWISS CHAMOTTE) METHOD

LEBANON
ALLOY AND STEEL

Castings



to enable them to shade competitors' prices. In the present market, apparently, the big retailers are no longer dependent on price competition.

The real test will come, however, when pricing again becomes truly competitive and when manufacturers again look to the big orders of mass merchandisers as an insurance of high volume. In the past, many manufacturers who have professed strict merchandising standards haven't been able to make them stick when the going got rough.

Proctor officials point out that their company has a reputation for sticking to announced policies.

A.P. Admits Four

Field gets news service, but bylaws are not changed to elect all comers. Groundwork is laid for radio station associates.

Dutifully the members of the Associated Press gathered in New York City last week and elected to membership Marshall Field's Chicago Sun, Mrs. Eleanor Medill Patterson's Washington Times-Herald, Hearst's Oakland (Calif.) Post-Enquirer, and the Detroit Times.

Thus, A.P. sought to bring itself into compliance with the edict affirmed by the U. S. Supreme Court (BW-Oct. 13'45,p34) that the newsgathering organization must vote on applications for membership without regard to any effect on the competitive status of members, or be held in violation of the antitrust laws.

• **Cool to Legislation**—While A.P. has now accepted those papers whose exclusion from membership provided the cause celebre of the government's antitrust case, A.P.'s bylaws have not been broadened sufficiently to throw membership automatically open to all comers. Apparently it is still possible to exclude new applicants from membership, as long as this is not on the sole ground of its effect on the competitive standing of members. By voting in four members this week, A.P. presumably took enough action to rid itself of the court injunctions by which it is now bound.

Although there are now three bills in Congress which would exempt A.P. from the purview of the antitrust law and a good segment of A.P.'s members would like to see such a law passed, the organization is not ready to plump for legislation.

• **Expansionism**—Truth is that an expansionist group within A.P. was in favor of broadening membership even before the Justice Dept. intervened

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owing to the courts' edict, Robert R. McCormick (above) of the Chicago Tribune, seconds the motion to elect our papers, including Marshall Field's rival Chicago Sun, to membership in the Associated Press.

inking of this group has been that, restricting its membership, A.P. was simply making room for its competition, United Press and International News Service.

Significantly, at last week's meeting P. laid the groundwork for admitting radio stations to associate membership which would entitle them to receive P. news service but not to vote or participate in profits. For the past few years, A.P., stimulated by U.P.'s earlier success in this field, has supplied news service to radio stations on a contractual basis.

TRUCK PARTS MOVE AGAIN

Truck parts from Kelsey-Hayes Wheel Co. are again moving to Ford Motor Co. after a two-week discontinuance in protest at OPA's pricing policies (BW-Nov.24'45,p17).

The shipments were resumed after promise from OPA that new price ceilings—or more likely the relaxation of ceilings on original truck parts, as passenger car parts—would be forthcoming within ten days. The word from Washington was that a new order is being drafted and would be reissued before mid-December.

With brake parts flowing smoothly to Ford, that company began to increase its truck output schedules, which had been reduced by two-thirds when supply from Kelsey-Hayes was cut.

Several thousand men at the engine plant were being called back to work.

The word that a new OPA order would be forthcoming proved pleas-

OTIS *Dispatching*...



FOR IMPROVED ELEVATOR SERVICE



OTIS ELEVATOR dispatching methods and equipment can help correct congested elevator traffic conditions.

This scientific system of elevator operation and dispatching provides the highest quality and maximum quantity of service for a given number of elevators.

Otis dispatching is your assurance that every car is doing an equal share — that the flow of traffic is evenly distributed over the entire plant.

So, when it comes to new elevator installations or getting more work from your present equipment, investigate the possibilities offered by Otis dispatching equipment.

Your Otis representative is ready now to help you and your Architect plan the correct type of dispatching system best suited to your needs. For the finest in vertical transportation tomorrow, call your Otis representative **TODAY**.

DISPATCHING PANEL:

Indicates position and direction of travel of the car and the location of waiting passengers.



HOW TO

- Plan
- Edit
- Produce

an effective
employee
house organ

The complete why and how of the employee publication, in a single, compact volume—showing how it may be used in furthering good management-employee relations, giving many pointers and methods from practical experience in the problems of establishing policies, and organizing, staffing, and producing the publication.

Just Published

The Successful Employee Publication

By PAUL F. BIKLEN

Formerly Director of Publication Relations,
Kaiser Cargo, Inc., Fleetwings Division

and ROBERT D. BRETH

Formerly Assistant Director of Public Relations,
Kaiser Cargo, Inc., Fleetwings Division

McGraw-Hill Industrial Organization
and Management Series

179 pages, 5 1/4 x 8 1/4, \$2.00

Here is expert advice on every step of planning and producing an internal house organ or of checking an existing one to make sure it is doing the best job of fostering good understanding between management and employees. Here, for management and the editorial staff, are the answers to scores of questions, on everything from selecting the content of the paper to layout, printing, and distribution, to help in producing a distinctive, acceptable, good-will building publication.

Whether to include paid advertising—how to handle it—the question of branch publications—use of services of outside newspaper men, advertising men, and printers—handling routine features—working in special campaigns—legal slants—pitfalls to avoid—it's all in this book, told to help you produce a publication that will please employees and give you an effective medium for making clear management aims and methods.

For management—the book shows how the house organ may be used to gain acceptance for viewpoint and objectives.

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Position BW, 12-8-45



ing to other accessory, and equipment manufacturers. Although none had taken Kelsey-Hayes' drastic step of stopping shipments entirely, many had been talking of some such action.

Hopes were expressed also that relief would come soon on replacement automobile parts. Under present regulations, these are held at 1942 levels, along with the truck parts. As a result, passenger car makers are receiving steady supplies of parts for original equipment but few for replacement purposes, even though in many instances the parts are identical.

Delivered Frozen

New food merchandising setup includes home delivery, sale of storage cabinets by established distributors.

A new kind of competition for frozen food retailers looms in United Frozen Food Distributors, Inc., newly formed New York company which is out to adapt appliance sales techniques to that field. It is not entirely coincidental that two of its officers were formerly sales and advertising executives of a major appliance manufacturer, General Electric Co. They are Reynold F. Horan, president, and David Wepman, secretary and treasurer.

• **House-to-House Sales**—United plans to franchise 100 distributors in as many cities, to retail (and in some cases, wholesale) its brand of home storage cabinets and establish home delivery service of its complete line of frozen foods. Distributors will not operate retail stores; the zero-temperature storage cabinets (which can also be used for limited quick-freezing) will be sold house-to-house.

Chief requirement for a distributorship is merchandising ability, but not necessarily proved in the food business. Some distributors will merely use the well-developed home delivery routes on which they are already selling nonrelated products.

Typical is Allied Oil Co. of Cleveland, whose fuel oil customers are natural prospects for frozen foods. Allied is a stockholder in United. Most of the seven midwest distributors so far signed up are fuel oil companies or appliance firms; other likely prospects include warehouses and locker plants.

• **Nationwide Promotion**—Each distributor will have all the now-familiar trappings of specialized frozen food merchandising: delivery by refrigerated trucks, weekly menus, telephone solicitation of customers' orders, frequent in-

roduction of new frozen specialties, their promotional value. On its part, United plans to do the integrated, tactical job of advertising, sales promotion and merchandising required for successful nationwide distribution. One distinction it claims is the provision of distributors' franchises for their participation on advisory committees to the board of directors on such matters as new equipment design, food research and granting of new franchises.

How soon United's distributors started depends on the company's finding sources of frozen food to be packed under its label (not easy these days when packers prefer to build up their own brands), production of home storage cabinets, procurement of refrigerated trucks, and the availability of public cold storage warehousing space for distributors not having these facilities. • **Another Entry**—Meanwhile in one of its territories a competitive company also making plans. By next March, Red Robin Frozen Food Co. of Cleveland hopes to be selling door-to-door on 30 mile routes covered by trucks equipped with air horns that toot, "When the Red, Red Robin Comes Bob, Bob Bobbin' Along. . ."

P. S.

Consumers can welcome as a sign of the return to the good old days a cigarette price war in Rochester, N. Y., where jobbers are using cigarettes as loss-leaders in an effort to stimulate their sales of other tobacco products. Another sign is sporadic price-cutting by independent gasoline dealers in eastern and midwestern cities. . . . As expected (BW—Nov. 24 '45, p. 75), Kroger Grocery & Baking Co. has disposed of another meat packing plant; the Columbus (Ohio) unit has been sold to Swift & Co. . . . In Denver, Colo., Omar Garwood, well-known local organizer and seven other individuals have incorporated under the state laws as the "National Assn. for the Abolition of the Office of Price Administration." . . . Evidence of the continuing decentralization of durable goods manufacturing: Electric Household Utilities Corp. is opening a combination factory-office building in Los Angeles. Thor washers (heretofore manufactured only in Chicago) will be made there. . . . Word came from OPA this week that the long-awaited boost in new print prices was finally on its way, and that it would amount to \$5 a ton, maybe a little more; the increase should stimulate production, but it will have no effect on the competitive standing of American producers, since Canadian imports would be eligible for the increase too.

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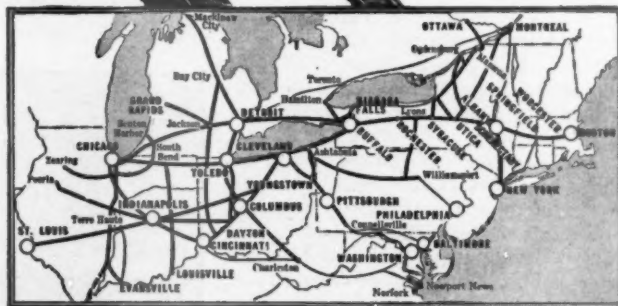
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LABOR

Ford Employs New Strategy

The tacticians, John S. Bugas and Mel B. Lindquist, have set Detroit labor circles agog with their success in pressing a vigorous attack in company's current negotiations with C.I.O.'s U.A.W.

While General Motors with its 250,000-worker strike continued to get most of the headlines (page 17), the Ford Motor Co. pressed an attack which momentarily, at least, had the C.I.O. United Automobile Workers rocked back on their heels in surprise.

• **Something New**—The vigor of the attack, first heralded by Ford's presentation of its own 31 demands (BW—Nov. 24 '45, p93) and later evidenced by the company's insistence that wildcat strikers be subject to \$5-a-day fines assessable against the local union's treasury (BW—Dec. 1 '45, p17), has had Detroit labor relations circles agog.

The union has been kept so busy answering the company demands that it was not until a few days ago that it was able to inject its own call for a 30% raise into the discussions at all.

• **A Pair of Westerners**—In following the tactical principle that the best defense is a good offense, Ford has had the services of two men who brought out of their native West a Rocky Mountain tradition of direct action, which they believe can be applied to labor relations.

The two are 37-year-old John S. Bugas, from Rock Springs, Wyo., in charge of translating company thinking into fact as labor relations director, and Mel B. Lindquist, a native of Denver, who is Ford's superintendent of labor relations.

• **Former FBI Man**—Bugas came to the attention of Ford officials when he was chief Detroit agent of the FBI. He joined Ford in January, 1944, as assistant to Harry H. Bennett, on the company's plea to Edgar Hoover that his experience concentrated at Ford would help win the war. When Bennett resigned as personnel director (BW—Oct. 6 '45, p18), Bugas was elevated to his present job.

Lindquist, who joined Ford after Bugas got his present appointment, was for a number of years engaged in purchasing and labor relations work for the Murray Corp. of America. In his new job, he is on the direct firing line in the Ford relationships with labor.

• **Investigator's Approach**—Bugas fits the storybook concept of the FBI man.

Quiet and inconspicuous-looking, he is keenly interested in causes and effects, a logical outgrowth of his investigator's training. He likes sports, and is a familiar figure at boxing, football, and baseball events in the Detroit area. After many years of FBI service, he took over one of the nation's hot spots when he assumed charge of the Detroit office shortly before the onset of the war.

Lindquist has an infectious smile and, like Bugas, believes a frank approach usually pays dividends in dealing with labor. At the same time, he realizes that management must preserve its position and maintain its principles—which probably accounts for a good share of the thinking behind the now celebrated 31 points.

• **A Way of Operating**—If that Ford move was novel, it is nothing new in Lindquist's career. During his tenure at Murray, that company evolved its program for training union members as time study experts (BW—Aug. 29 '42,

p62), so the union would have its own advocates in any dispute on timing operations.

Thus far, the Bugas-Lindquist program is making good in the negotiations. The bargaining started off a bit angrily because of the U.A.W. shock over Ford's aggressive moves, then quieted down.

• **A Bargaining Point**—The company proposal that wildcat strikers be subject to fines chargeable to the union shocked the U.A.W. into making counterproposals—even though they are not particularly strong thus far—for controlling the situation itself.

The novelty of the company's strategy is further emphasized in the way press relations on the negotiations are being handled. Instead of the secret bargaining meetings that have been traditional, both the company and the union are represented among the credited negotiators by their respective publicity men.

• **Firsthand**—After the meetings end, the waiting press is told firsthand, at once, whatever went on inside the parties deem wise to reveal—which means most of what went on. This policy is finding friendly support among the reporters keeping close watch on automotive labor.

• **In a Good Position**—Of course, Ford is in a good position at this time to negotiate demands of its own. The Ford negotiators on the labor side are hedged in by the G.M. situation. They probably could accept no Ford pay of



Key tacticians in carrying out Ford Motor Co. strategy to keep U.A.W. on the defensive in its new contract demands are two men from the West—John S. Bugas (left) and Mel B. Lindquist, director and superintendent, respectively of labor relations—both of whom are advocates of direct action.

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short of an unqualified 30%, and they are under instructions to lean over backward to avoid any crisis that might precipitate an incident dissipating the union pressure now concentrated on G.M.

Appearances, therefore, may be deceiving, and the Ford discussions could blow up in a strike after the G.M. siege ends. Bugas and Lindquist hope for the best, but they are realists and know that in Detroit labor relations anything can happen. Yet it is evident that if Ford is struck, it will be in spite of the fact that Ford has brought topnotch skill and a brand-new approach into its dickerings with organized labor.

Out for Facts

Appointment of panel to study the oil dispute highlights labor's revised view of plant seizures by government.

Organized labor's changed attitude toward government seizure of strike-idle industrial properties—a power now being used reluctantly in cases involving utilities and transportation (BW-Dec. 1'45,p98) or those broadly affecting national security and reconversion—has nowhere been shown more pointedly than in events which led up to designation by President Truman of a three-man fact-finding committee to study the unsettled oil industry dispute.

• **Unions Call It Strikebreaking**—During war years unions generally accepted government seizure without question, expecting that federal administrators would comply at least in part with union demands which management had refused to accept. Now, with the war pressure off and federal labor authority waning, unions are becoming outspoken in charges that seizure amounts to little more than legalized strikebreaking.

Thus, when the Office of Defense Transportation took over the Washington transit system and soldiers stood by to serve as operators if needed, the strikers went grumbling back to work. And two months after Navy seizure of 53 struck oil refineries and pipelines (BW-Oct.13'45,p100; BW-Sep.29'45,p102), C.I.O.'s Oil Workers International Union was demanding in advertisements in Washington and other metropolitan newspapers, and in the C.I.O. News, that the President "stop using the Navy for strikebreaking" and take appropriate action to end a government-fomented deadlock in the oil wage dispute.

• **Baptism of Fire**—The C.I.O. union's 43,000 members tied up oil refineries

Strike Losses Set Record

Working time lost in labor-management disputes during October reached a new high since 1919, a year when strikes involved a record 4,160,348 workers, or 20.8% of the entire work force. There was no doubt that November figures, at least, would far overshadow those for October.

Figures released by the Bureau of Labor Statistics listed the total number of strikes in progress during October at 680, which involved 825,000 workers and caused 7,800,000 man-days of idleness, a cost of 1.27% of available working time. Of the 680 strikes, 455 were new ones and the others carried over from September. One year earlier, lost time amounted to only 0.1%, and for September of this year the figure was .61%.

BLS again revised the title of its monthly report, from the recently adopted "Strikes and Lock-outs" to "Labor-Management Disputes," and incorporated for the first time a summary of the work of the Conciliation Service. Thus it could announce that department conciliators had been able to effect settlements in 354 of the 680 strikes during the month, and had functioned successfully in 1,467 other cases involving work stoppages.

and distribution systems in September with a demand for a 30% wage increase. Company offers of a 15% raise were turned down, and lines were drawn tight on an industry-wide labor and management front. This was Secretary of Labor Lewis B. Schwellenbach's baptism of fire, and in his solo handling of the dispute he proposed—and management rejected outright—a 15% raise for the workers with arbitration of the difference between that figure and 30%.

Navy seizure—on the ground that naval vessels were affected by a growing shortage of oil—followed. It was a 50-50 wager at first that workers would refuse to return to their jobs, but advice from their president, O. A. Knight, was heeded. Production was resumed.

• Naval Policy—About that time Navy released its bombshell: It would not, it said, undertake any contract negotiations, or make any changes in the agreement or working conditions which had precipitated the original strike. That would be left to labor and management. Meanwhile, work must continue.

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THE LABOR ANGLE

Tally

As the National War Labor Board prepares its own quietus, slated for Dec. 15, two Purdue University researchers have worked out a score sheet on the board's slant in rendering decisions in dispute cases resulting from contract negotiations between unions and management. This is based on a scientifically selected sample of 821 decisions considered large enough to be representative, and involving a total of 2,055 issues or demands by unions. Published by the American Management Assn. the tally shows:

That in 40% of the cases the union involved attained its demands through NWLB action; in 39% of the cases the demands were refused; in 19% they were partially attained; and in 2% they were withdrawn. The C.I.O. attained its demands in 42% of the cases which its unions presented; the United Mine Workers, 40%; the A.F.L., 39%; independent unions, 35%. Breaking down the demands attained into monetary and nonmonetary issue classifications doesn't show much contrast. The unions attained their demands in 41% of the cases involving monetary issues and in 40% of the non-monetary cases.

Confusion

Widely varying—and frequently conflicting—interpretations by state authorities on eligibility for unemployment compensation are becoming a great nuisance to management. Turning largely on what constitutes a "suitable" job for an unemployed worker—which he cannot refuse without losing his benefits—the range of inconsistency among the 48 states is little short of bewildering.

Illinois, on the one hand, provides the unemployed with a "minimum adjustment period" which gives each claimant time to look for the kind of work he desires. During this period—at least ten weeks for skilled workers, eight weeks for semi-skilled, and six weeks for unskilled—he cannot be disqualified from benefits for refusing to work outside his customary occupation or at a lower wage rate than that of his former job. Even after the expiration of the adjustment period, which may be ex-

tended and frequently is, a claimant is not immediately struck off the benefit rolls for refusing work he considers unsuitable.

Arkansas, Arizona, and South Dakota, on the other hand, disqualify individuals from benefits immediately if they refuse employment at any of their prewar occupations so long as the job pays the prevailing rate. Thus the day laborer, who in the course of 25 years of work became a highly skilled machinist, must take a 50¢-an-hour day-labor job or draw no insurance if unemployed.

The problems such disparate approaches to unemployment compensation present to labor are obvious. From the point of view of business—taxed in the great majority of states on a merit-rating basis—this can mean that competitive relationships are affected when a firm in one state making the same product and with an employment record similar to one in another state is required to pay a different percentage of its payroll in unemployment fund taxes. The confusion is also onerous when a firm with operations in more than one state tries to make some advance calculations on its payroll tax liabilities.

Worthy

There has been a lot of talk about "fads and frills" which employers introduced into their personnel practices during the war because large profits and high taxes made them cheap or because one or another government agency was putting on the pressure to sell some particular scheme. The question is, how many of these will survive? To this the Merchants & Manufacturers Assn. of Los Angeles has tried to get an answer.

Fifty-three L.A. firms were queried on what wartime personnel innovations they were going to keep and this is what was found: 44 will retain job descriptions; 43 group insurance; 41, hire interviewing; 40, new practices of transfer and upgrading; 38, on-job training; 37, local help advertising; 36, safety programs; 36, life insurance; 35, exit interviews; 34, employee manuals; 32, house organs; 31, supervisor conferences; 31, grievance systems; and 30, job analysis. It suggests that many war-launched techniques proved their worth.

union, that workers were under compulsion to produce oil at their former wages, while there was no similar compulsion on employers to resume collective bargaining. As a result, union advertisements complained that negotiations had been bogged down for two months. Major companies had refused to budge from their original 15% wage raise offers, made on a take-it-or-leave-it basis.

• **Union Is Bitter**—A statement from the union's executive council and policy committee went further to declare, in one of the bitterest denunciations of federal labor policy in recent years, that the government apparently was "harking back in the history of industrial relations to 1922 when Harding broke the railroad shopmen's strike through a federal injunction." And, it pointed out, "military force" used to "break" the oil workers' strike could be turned against any other unions.

Actually, the government position was not due to a violently swerving policy but to a lack of adequate machinery for handling labor disputes, and an administrative reluctance to cope with the basic wage issue involved.

• **Panel Appointed**—In recent weeks, however, it became increasingly evident that with strikes spreading and labor-management positions apparently barring ready compromise, the oil workers' strong protests of "strikebreaking" might be a big stumbling block if the public interest should require seizure of automotive or steel plants—by no means an unlikely climax to present strikes.

Result was creation of the three-man fact-finding panel to investigate the merits of the oil wage dispute and report back, within 30 days, its recommendations for a solution which would conform to wage and price policies outlined in President Truman's executive orders of Aug. 18 and Oct. 30. Objective is to mobilize the weight of public opinion behind a settlement, since none is possible by directive under the fact-finding procedure.

• **Watchful Waiting**—Union spokesmen agreed to the plan but with a "show me" attitude. Company representatives gave what the government described as "varying reactions." But, for 30 critical days at least, the heat had been turned low.

On the panel are Dr. Frank P. Graham, chairman, president of the University of North Carolina and public member of the National War Labor Board; Otto Beyer, former member of the National Mediation Board and a federal labor adviser; and Paul Eliel, professor of industrial relations at Stanford University. Dr. Graham and Beyer have been working with the President's Labor-Management Conference.



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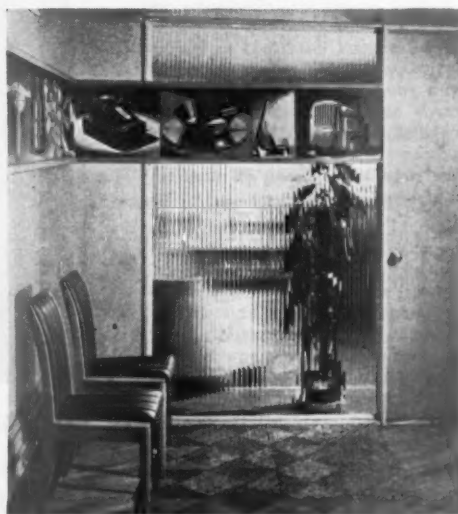
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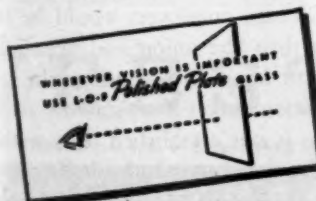
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Bonus Nips Strike

**"A wicked blow," officers
of union say as work continues
in J. I. Case Co.'s plants. Issue
may be tested before NLRB.**

C.I.O.'s United Automobile Workers scheduled a strike, for last week at four plants of the J. I. Case Co. when negotiations broke down on the union's 30% pay raise demand.

On Thursday, the 6,750 workers were to walk out unless their demands were granted. Instead of answering the demand, the management announced that a Christmas bonus of \$1,250,000 would be paid—to those employees who were regularly on the job between Oct. 31 and Dec. 20.

● **Move Is Denounced**—Officers of the Racine local denounced this move, said that their members were "terrifically bitter." They asserted that if the decision to strike on schedule were left to the Racine membership, the company's

bonus offer to employees would not be a factor.

At Rockford, local officers called the bonus "a wicked blow," realistically acknowledged that no strike would be possible before Dec. 20.

The strike deadline passed without any work interruption at these plants or at Rock Island, Ill., and Burlington, Ill., and at midweek the situation remained on dead center with management and union again attempting to negotiate their differences.

● **An NLRB Issue?**—If, as seems likely, the union takes the company before the National Labor Relations Board on charges that giving the workers a bonus with strike-aborting strings attached is an unfair labor practice, the issue can be clean-cut.

J. I. Case Co. can point out that it has given the employees a bonus in practically all good years since the 1920's. Its fiscal year ends on Oct. 31. The directors meet at this time and, if any bonus is to be given, declare it.

The bonus resolution usually has referred to "all regular employees." With a strike looming, the directors this time



WAGE DISPUTE VICTORY—FOR WHOM?

The defiance of Montgomery Ward office and clerical help who, at Chicago (above), braved pickets posted by the C.I.O. United Retail, Wholesale & Department Store Employees, led to sharply conflicting reports by union and management on the result of last week's demonstration stoppage (BW—Dec. 1 '45, p102). But the union was quick to hail as a strike-won gain a company announcement that wages of 2,500 of its Chicago employees would be raised to give them a 60¢ hourly minimum—less than the union had demanded—through increases amounting to about 5¢ an hour. In accepting, the union warned it was not barring further demonstration strikes if satisfactory machinery for collective bargaining and arbitration is not established. But with the spotty results of the first strike behind it, the threat now had a hollow sound.

"Boy, is this a system!
NOW they call me
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 ...purred Mr. Claus,
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spelled out their definition of a regular employee.

The union sees the definition not as a mere clarification, but rather as a method of strike-breaking—in advance of the strike.

Higgins Reopens

Shipyard's resumption of work on "foreign" order rallies union, which interprets action as end of plant-closing bluff.

Production of vessels "for a foreign government" has been resumed by one of three large shipyards which Andrew J. Higgins, president of Higgins Industries, Inc., last month said had been closed permanently and were in the process of "orderly liquidation" as a result of an A.F.L. strike (BW—Nov. 17 '45, p. 102).

• **Viewed as Test—**But with A.F.L. pickets still parading, and only a trickle of workers entering the Higgins gate, the reopening generally was viewed as the premature end of a bluff which—so far—was showing no signs of paying off.

Higgins reopened the largest of the closed plants, located on New Orleans' industrial canal, ostensibly to complete work on unfilled contracts. Few doubted, however, that if the shipbuilder was successful in hiring 200 workers a day, with no requirement for union membership, until he had filled needs for effective operation of the yard, the "temporary" status of its production would continue indefinitely.

• **Recruiting Lags—**At the root of Higgins' labor troubles is a desire to wipe

out his A.F.L. closed-shop contracts, and to end what he terms union irresponsibility. The reopening move was interpreted as an attempt to see just what could be done about going back into production on that basis.

For the first days, at least, results could not have been encouraging to Higgins. Instead of 200 applicants for work daily, the number was less than 50. Moreover, despite Higgins' discussions with open-shop officials offering Florida plant sites (Tampa and Jacksonville led the parade) and his announcements of plans to move to Omaha or other cities pledging labor peace, the belief had persisted that his whole position was a bluff. The "temporary" reopening of one plant therefore was seized upon by A.F.L. as confirmation of this, and became a badly needed new rallying cry for a solid front against a Higgins lockout of union shipbuilders.

• **C.I.O. on the Sidelines—**Meanwhile, C.I.O.'s Industrial Union of Marine & Shipbuilding Workers, which challenged the A.F.L.'s jurisdiction in Higgins yards and petitioned for a National Labor Relations Board collective bargaining election, was holding a strategic place on the sidelines. The C.I.O. union criticized A.F.L. for forcing the closing of the yards, but—on the surface at least—was doing nothing to break the strike.

There was a popular belief, however, that if Higgins wins out in his test against A.F.L., he will be only exchanging an A.F.L. closed-shop for a C.I.O. union-shop contract.

STRIKE VOTE ENJOINED

Court action by the Columbus (Ga.) Iron Works last week stalled off indefinitely a National Labor Relations

FOR BETTER RELATIONS

Executive secretary of the New York State Board of Mediation since 1937, Jules Freund (right) resigns to become executive director of the newly created Retail Labor Standards Assn. of New York. Created by five Manhattan department stores—Bloomingdale Bros., Gimbel Bros., R. H. Macy, Saks, and John Wanamaker—the association has promotion of labor goodwill, development of equitable wage standards, and orderly solution of labor problems as its objectives. In his previous post, Freund mediated and arbitrated hundreds of labor disputes, sat as impartial chairman in numerous collective bargaining agreements. He was formerly



associated with the old NRA and with the Social Security Board.

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The volume and subject matter of the editorials submitted prove not only that Mr. and Mrs. Portland are acutely aware of their responsibility to think, but also, that they want to speak up! For instance, among some of the recent items that have appeared in this Editorial Page feature were a treatise on electronics as they affect the individual... the importance of good nutrition... campus living quarters for veterans... debunking the local building code... and even one from a Portland serviceman in Germany giving his concept of how best to rebuild the German soul.

Housewives and clerks, storekeepers and taxi drivers turn to the Guest Editorial because it is their own, written by one of them. Leaders of the community turn to it because it tells them exactly how and in what way the people of Portland are concerned with events and the effects of the news.

* * *

The daily Guest Editorial is added evidence that the Oregon Journal is a family newspaper. Every department of this great metropolitan paper is slanted to the intimacy of a home-town paper. The Oregon Journal is a paper of public service... in its Household Arts Department which answers over 395,000 frantic queries a year; in its Journal Juniors, over 60,000 strong, since 1925; in its Mr. Fixit who's found everything from a lost relation to a twin-size baby buggy. Little wonder that The Journal is today—as it has been for years—Portland's favorite newspaper enjoying the largest circulation in its history, both daily and Sunday.



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Board strike vote which C.I.O.'s United Steelworkers of America hoped to win in pressing its standard demand for a \$2-a-day wage increase for the firm's 300 workers. The iron works there accomplished what companies in the Big Steel wage dispute had sought unsuccessfully to do in coordinated appeals to NLRB (BW—Nov. 17 '45, p. 10).

Arguing before a Georgia state court that it had not refused to confer with the union regarding a pay increase, and that it had received no warning of an intended strike vote petition, the company obtained an injunction prohibiting NLRB from conducting a strike vote which had been set for Nov. 2. Simultaneously, the company entered suit challenging the legality of the Connally-Smith War Labor Disputes Act under which the strike poll was to have been taken.

Union representatives were restrained from any action "calculated to incite others among large numbers of defendants to violate the injunctive order against a strike vote."

With the writ headed for a quick federal court test, sought both by the union and strike-vote weary NLRB, the big question in the minds of management men was whether the court fight delay was worth the bitterness it was engendering in Columbus. Union lines were being drawn for a fight considerably broadened from original wage issues.

Labor's Quid Pro Uno

Competitive bidding by localities in the United States over headquarters for the United Nations Organization last week brought forth one novel offer: labor peace for the world peace body.

Greater Boston—competing with Atlantic City, Newport, R. I., the Black Hills of South Dakota, Denver, Chicago, Philadelphia, and San Francisco at a UNO subcommittee hearing—offered pledges from officers of A.F.L. and C.I.O. local union groups that no strikes or work stoppages would mar any construction or other preparatory work if UNO should decide on Boston for a homesite.

The subcommittee, which also was considering 16 other U.S. and Canadian localities which have offered a variety of geographic, climatic, cultural, educational, political, and other inducements, had no comment on Boston's proposal.

One-Day Protest

Maritime unions demand more ships to bring veterans home, but brief walkout isn't impressive show of strength.

Something comparatively new in American labor relations—a strike called in influence governmental action (BW—Nov. 10 '45, p102)—resulted in a partial shut-down of maritime shipping on East and West coasts this week. An estimated 90,000 members of left-wing C.I.O. unions, principally the National Maritime Union and the International Longshoremen's & Warehousemen's Assn., quit work for one day to protest commercial use of ships which the unions said should be used to bring overseas veterans home.

WSA Is the Target—Only troopships, vessels in use for military supplies and foreign relief, and those at sea were excluded in the order to strike. Actually, however, the results were far from the inclusive goal. As a demonstration of strength, the walkout was not impressive.

The strike was aimed not at shipping companies—which have nothing to say about which ships will carry troops, and which will not—but against the War Shipping Administration. The unions warned WSA to put all available ships into troop-carrying service by Dec. 1. WSA replied that every ship had accommodations for troops was being used to carry them, and that the rate of arrivals—particularly on the West Coast—already was overtaking railroad facilities from ports.

Moreover, WSA said that the commercial shipping which was being protected had been resumed "with the aggressive support of C.I.O. maritime unions."

Disagreement on Results—The key C.I.O. maritime unions led on the East Coast by Joseph Curran and on the West Coast by Harry Bridges rejected the reply and appeals from Washington to call off their strike threat. The result was described by the unions as a near-complete tie-up of shipping, including 125 vessels in New York harbor alone, but WSA shipping figures, reported by associations of ship operators, indicated that it was far short of that—both in success and numbers. WSA reported only 21 ships were affected in New York and 38, including 21 in New York, were interfered with along the entire Atlantic Coast, where A.F.L. longshoremen continued go operations.

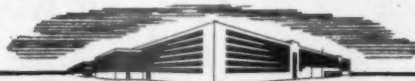
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Francisco harbor and 25 in other Pacific ports were affected.

• **Penalty Planned**—On the East Coast, at least, ship operators were planning to penalize striking seamen under a clause in standard ship's articles—the seamen's contract—under which failure to report for work can cost a seaman two days' pay.

MACHINISTS DEFENDED

Recent suspension by A.F.L. of its largest affiliate, the International Assn. of Machinists, for a prolonged refusal to pay its per capita tax to A.F.L. (BW—Nov. 3 '45, p96) is not proving popular in many areas where the machinists are a sizable, and influential, bloc in A.F.L.'s central labor unions. (Reason for the nonpayment of the tax was that the federation had sided with A.F.L. carpenters in a jurisdictional dispute with the machinists.)

Under terms of the suspension announced by President William Green, local affiliates of A.F.L. must likewise suspend I.A.M. until the tax—or federation share of dues collected—is finally paid.

While an undercurrent of protest was heard from a number of cities, the Louisville (Ky.) Central Labor Union was the first group to balk openly. The C.L.U. tabled action on the suspension of 3,000 machinists, because "there is no reason for local bodies to destroy themselves" by barring organizations because of disputes on international union levels.

Edward H. Weyler, secretary-treasurer of the Kentucky state Federation of Labor, charged that A.F.L. leadership has "failed to do what we insist that employers and employees do; when jurisdictional disputes arise, we refuse to submit them to arbitration."

UNION SUES PENNA R.R.

During a heated campaign to win collective bargaining representation of employees of the Pennsylvania R. R., C.I.O.'s fledgling United Railroad Workers of America charged that the carrier's employees had suffered many work injuries for which they had received no compensation. Last week, after eking out National Labor Relations Board election victories in three of eight departments, the C.I.O. union took the first steps to fulfill a promise to press these charges if chosen to represent the Pennsylvania's employees.

Eleven suits (of 900 which it declares are possible) were filed by the union in U. S. District Court asking a total of \$490,000 in damages for injuries allegedly suffered by boilermaker employees while on their jobs.



LONG VOYAGE HOME

Feeling that he's done his bit to ease the Erie Railroad's wartime labor pinch, 85-year-old conductor Samuel Johnson Snyder (right) makes his last time check with his engineer this week before the final lap of a 2,500,000 mile journey—and a 69-year career—with Erie. Probably the oldest active railroad employee in the country, Snyder has a record of serving 22,500,000 passengers. He was eligible for retirement 20 years ago.

The union said that if the campaign pays off, other suits will be filed, systematically, until all claims have been adjudicated.

Suits were filed under the federal employers' liability act. Workers employed in interstate commerce are not eligible for state compensation benefits.

LABOR CENTER PROJECTED

Work on a \$4 million labor center to house executive offices of the Los Angeles Central Labor Council (A.F.L.) and its affiliated unions, as well as an auditorium with seating capacity for 15,000, is planned to start late in December, as part of an expansion program.

The labor center office building will be 150 feet high, and will include offices, conference rooms, meeting halls, and other facilities for unions holding membership in the council.

The auditorium, in a separate building, will be available on a rental basis for nonunion affairs.

THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

DECEMBER 8, 1945



The international economic outlook definitely improved this week with the announcement of terms for the U. S.-British commercial policy agreement.

While the plan is expected to run into stiff opposition both in Congress and Parliament, you can look for a belated but well-planned barrage of publicity in both countries on the necessity for the agreement and for its ultimate passage.

Though the loan now offered to London is somewhat smaller than was originally considered necessary, don't overlook other credit channels soon opening to the British.

London, realizing the supplemental benefits to be derived from prompt ratification of the Bretton Woods accord, will probably take such action before the end of the year, though not without reservations contingent on U. S. ratification of the pending loan.

Also, Canada is committed to provide up to \$1 billion in one form or another to alleviate the immediate shortage of dollar exchange over the next two or three years.

Finally, in its struggle to modernize its industries—both to hold home markets and to compete more effectively for exports—Britain will benefit from the acquisition of up to \$1 billion of German industrial equipment already being dismantled for shipment to England as reparations.

Despite the recent relaxation of U. S.-Russian tensions in Europe (particularly in Germany) and in China, don't look for an immediate opening of loan negotiations between Washington and Moscow.

Like Britain, the Soviet Union is receiving Nazi reparations—in the form of railroad rolling stock as well as machinery, and in the case of Russia, the amounts involved are far greater than those going to Britain.

Also, Moscow will benefit from the Bretton Woods credit reservoir.

Ultimately, however, the Soviets will seek a U. S. loan and it is likely to be granted. Outside estimate now of the amount is \$2 billion.

Meanwhile, you can take with a grain of salt rumors that private banks in the U. S. are actively considering large private loans to Russia.

First large-scale postwar commercial transactions are likely to be based solely on credits arranged by individual companies long familiar with Soviet requirements—both technical and financial.

Credits to other countries, however, will begin to flow in mounting volume—with the Export-Import Bank handling the bulk of the initial transactions but with private banks gradually reviving a formerly lucrative business.

This week's \$550 million rehabilitation loan to France—running for 30 years at 2½% interest—sets the pattern and probably marks the beginning of a fairly steady flow.

The State Dept. is definitely headed for another shakeup.

If Secretary James F. Byrnes resigns, as is now expected by many in Washington, no one—including President Truman—knows who his successor will be.

Prominently mentioned, despite their Republican affiliations, are John J. McCloy, former Assistant Secretary of War, and John Foster Dulles, who

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
DECEMBER 8, 1945

acted as a special adviser to Secretary Byrnes during the London conference.

Acknowledged by an increasing number of critics, apart from the recent specific indictments of Maj. Gen. Patrick J. Hurley, is the fact that this country has allowed the State Dept. to run down to the point where it is little more than a research agency in foreign affairs.

What is needed now is a thoroughgoing reconversion which would enlarge, streamline, and refinance the agency which is primarily responsible for this country's international relations in the fields of economics and security as well as of traditional diplomacy.

Because a routine shakeup of personnel along lines followed during the last two years will do nothing more than add to the confusion, increasing numbers of critics will now demand that:

(1) Truman face the issues squarely and appoint leaders in the department who are thoroughly experienced and capable of formulating a coordinated and intelligent long-term policy, and of carrying it out firmly.

(2) The public and Congress initiate and support a demand for complete reorganization of the department on a scale commensurate with the requirements of a nation that has definitely outgrown a setup which served this country when it was a minor world power with a minimum interest in international affairs.

A China policy will come out of the recent Hurley blast.

The Marshall mission will mark the beginning of a serious effort by Washington to build a solid China program.

But, until an adequate staff of Far Eastern specialists can be trained and installed both in Oriental capitals and in Washington, and until vigorous and experienced leaders in Washington coordinate their recommendations into an over-all foreign policy pattern for this country, results will be modest.

Britain continues to push efforts to improve its world trade position.

J. Arthur Rank, London's burgeoning movie king, expects within two years to earn \$15 million a year in foreign exchange for Britain through his latest international distribution setup (page 44).

Resumption of the Hudson's Bay fur auctions in February will be turned into a major bid to make London again the world's fur trading center.

The British Treasury is reported barring U. S. private loan offers to individual borrowers unless there are provisions to delay repayment until long after the present foreign exchange crisis has passed, or to repay in the form of British goods.

Despite important inroads into various Latin-American markets by aggressive exporters from Britain and Sweden, some U. S. companies are competing with marked success.

Through its Chilean distributor, Montgomery Ward & Co. is conducting an advertising campaign in Chilean newspapers for the sale of M-W farm machinery.

Reader acceptance is indicated in a mass of requests for additional information about such items as tractors and plows, and the date when delivery can be promised.

BUSINESS ABROAD

China Heads for Trade Crisis

Request for billions in loans to reconstruct and develop country is paralleled with legislation discouraging American firms' participation. U.S. businessmen will hold back until air is cleared.

Events are moving swiftly toward a crisis in China's relations with the rest of the world. While the country is torn by internal strife, its external relations, epitomized by the resignation statement of the U.S. ambassador, Maj. Gen. Patrick J. Hurley, are far from tranquil.

And Chinese economic relations with other world powers are threatening to deteriorate as a result of pending legislation affecting the operations of foreign companies in China.

Pleads for Billions—China has emerged from the Japanese war in a stronger tactical position, having during the war successfully freed itself from the restrictions of extraterritoriality treaties, but is forced to rely for reconstruction upon the benevolence of foreign governments and technical and financial aid of foreign private interests.

Already, China has presented requests for reconstruction and development loans running to billions of dollars. Working directly with American firms and through Chinese-American organizations, China is endeavoring to lure American investment and participation in new enterprises in China.

New Company Laws—At the same time, the long-heralded new laws denoting conditions under which foreign corporations will in the future operate in China have been approved by the Legislative Yuan and await promulgation by the Supreme National Defense Council.

As the new company law now stands its 300-odd articles have not yet been made available in a complete, official (English text) most foreign firms would be unable to resume business in China, and few new firms would be eager to enter the China field.

Right now American business, operating most effectively through the China Trade Division of the Far Eastern Committee of the National Foreign Trade Council, is racing against time to bring pressure on high Washington official circles to urge postponement of promulgation of the law—due Jan. 1—or specific modification of its terms.

Would Delay Loans—It is certain that additional pressure will be applied

to prevent large-scale U.S. government loans to China until commitments have been obtained which will assure the possibility of private business operations in China and guarantee that the loans will not be used to exclude private business from the China scene.

Meanwhile, optimistic heralds of the great new era of China trade, of vast opportunity for private investment in China, and of branch-plant operations by U.S. firms, are retreating to more realistic grounds, awaiting the outcome.

End of American extraterritoriality rights, arranged in 1943, required negotiation of a new treaty of commerce and navigation and consular rights within six months after the end of the war. This is now under discussion.

In addition, the China Trade Act (an

American equivalent to the British law created to protect English firms operating in Hong Kong) which granted special privileges by registration in Washington, D. C., to U.S. firms trading only in China, must be revised. And in China, laws governing operations of foreign firms had to be written, since heretofore such firms operated under their own national laws.

• Restrictive Measure—The law which may now be put in force in China is so constructed that, according to experts who have studied it, it would put out of business all the China Trade Act companies, and nearly all other U.S. firms in China, and make the creation of new firms improbable.

By requiring registration as Chinese corporations of all firms not in business in the country of origin, the measure primarily affects China Trade Act companies—some 150 to 200 firms organized for trade in China. All business operations become subject to government approval, and even the purchase, sale, or transfer of land requires a permit. The measure prohibits the sale of bonds and shares in China, preventing U.S. companies from obtaining the participation of Chinese capital in firms designed in many cases primarily to assist with the development of China. Dozens of other vague and detailed re-



DRAWING BLUEPRINTS FOR WORLD PEACE PLANT

Its job almost completed, the Preparatory Commission of the United Nations Organization labors over final details of the agenda for its successor, the formal UNO meeting scheduled to open in London in January. With small prospect of another Big Three get-together, the burden of international affairs now shifts from the shoulders of a few men to the more cumbersome, but more democratic machinery established last spring to keep world peace. In addition to choosing a permanent chairman and a permanent seat, UNO will have to deal with an ever-mounting list of unsettled business. Senate approval of United States participation in UNO—without significant opposition or restrictive riders—is expected to bring quick passage in the House.

An Old Drama Is Re-Enacted—In the Same Setting

The year was 1920.

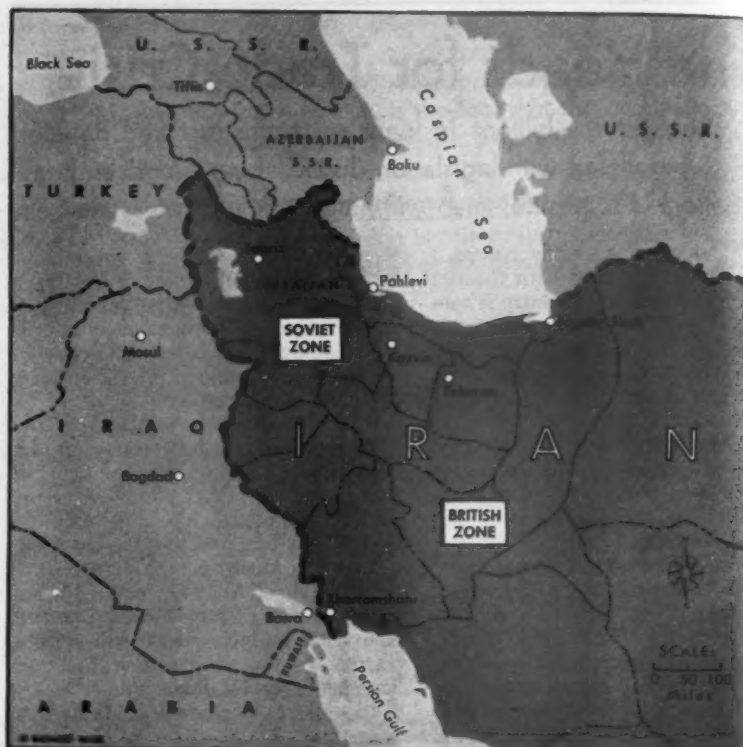
Reds held the Caspian port of Pahlevi; there were uprisings in Azerbaijan province; Gilan declared itself an independent Soviet Republic. In Teheran, nominal seat of government, the shah was helpless. British rifles, driven to Kazvin by the Red Army, occupied most of Iran—including Teheran. A British mission controlled finances. Downing Street even tried to conclude, with the Soviet ambassador, a new partition of the country along the lines of the 1907 Anglo-Russian agreement.

• **Concessions Given Up**—Moscow, in 1919, had canceled all Persian debts; given up customs control in the north; voided private Russian concessions; turned the Russian bank over to Persia; given all Russian-built roads, railroads, ports, and power stations to the government. A 1921 Soviet-Persian treaty confirmed these agreements on the condition that no third party be granted former Russian concessions without Soviet consent.

The echo of that period can now be heard in the Persian corridor.

• **Occupation in 1941**—To guard against Axis subversion, Iran was occupied in 1941—the Red Army guarding the North, the British the southern zone. U. S. service troops manned a technical middle zone and the lend-lease corridor through the British and into the Soviet zone. A U. S. financial mission tried to fix Iran's tangled fiscal affairs. By request, the U. S. undertook to reorganize the gendarmerie.

Last month an "independence" movement in Azerbaijan province—an area contiguous with the Azerbaijan Republic of the U.S.S.R.—began



re-enactment of the 1920 drama. The Soviets denied complicity, charged Teheran with inciting trouble, and threatened to strengthen Red Army garrisons if Iranian troops moved north.

• **U. S. Pulling Out**—The U. S., a third party with a big theoretical stake in Iran, urged total evacuation by Jan. 1, 1946—moving ahead the Mar. 2 date set by British-Soviet accord in October—and began to pull out service troops.

This week diplomatic temperatures were rising, the barometer falling. Washington was like a meteorologist trying to change the weather. It was evident that Britain was unready to abandon protective custody of Anglo-Iranian Oil Co. concession areas; that the Soviets were unconvinced of Teheran's democratic aims in the areas bordering the U.S.S.R.; that American troop withdrawal was not going to change things.

quirements seem to restrict and intimidate foreign operators and to force drastic changes in their means and methods of operation in China.

• **Contrary to Assurances**—The law is chiefly criticized on the grounds that—rigidly interpreted—it is more restrictive than any similar measure in any major country, and that it is in direct conflict with all recent assurances given by higher Chinese authorities to U. S. government and business leaders.

The outcome is in the hands of top U. S. and Chinese officials. Meanwhile, however, American businessmen—although continuing preparation of surveys and plans—are holding back implementation of schemes. And Chi-

nese organizations, here to promote United States export of technical aid, machines, and capital, are continuing their efforts in the hope of an eventual solution.

BRITISH PUBLIC RELATIONS

Great Britain, always an alert propagandist, has scored another beat on the unreconstructed and Congress-shy United States Dept. of State.

As one of his first acts in Warsaw, British Ambassador Maj. Ferdinand William Cavendish-Bentinck called upon Stefan Matuszewski, Polish Minister of Information & Propaganda, to discuss:

(1) Publication in Warsaw of a British newspaper to tell Poles about the United Kingdom and the Empire.

(2) Setting up facilities to acquire information about Poland for distribution throughout the Empire.

(3) Exchange of literature and films and other cultural contacts between Poland and Britain.

A previous triumph was scored in Moscow, where the British Embassy published in Russian a weekly magazine, "Our British Ally" (BW-Apr. 10'43, p36), and had started a second, "The British Chronicle" (BW-Oct. 16'43, p42), before the United States got around to publishing a similar periodica "Amerika" (BW-Apr. 21'45, p114).

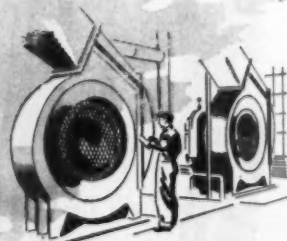
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CANADA

Stabilized Income

Canadian proposal would
give provinces assured funds,
adopt national policies insuring
a coordinated social program.

OTTAWA—Canada moved closer last week to conclusion of comprehensive new agreements between the federal and provincial governments aimed at:

(1) Confirmation of the Dominion government's power and authority to adopt sweeping national policies aimed at full employment and high national income.

(2) Guarantee of provincial revenues on a level which will enable all provinces, even those with lowest and most fluctuating resources, to plan confidently for decent standards of education and social welfare.

• **Plan for Coordination**—It is with full cognizance of the potentially difficult times ahead and recollections of the difficulties encountered during the last depression that Canadian officials are seeking to redraw the administrative lines to permit coordinated social, business, and trade policy in times of crisis.

Relations between the central government and the provinces have been strained by events of recent years, and set a peak in tenseness in January, 1941, when three provincial premiers walked out on a similar conference.

• **Would Regain Prestige**—The Dominion government claims that its proposals are not revolutionary, and it is clear to students of Canada's federal structure that their adoption in full would reconfirm the prestige and power of the central government along lines clearly envisaged by the Fathers of Confederation in 1867—a position effectively challenged for many years by the "provincial rights" campaigns of certain premiers, supported by the Privy Council decisions on the constitution, which favored the provinces against the Dominion and appeared to be "whittling down" the central authority.

Since confederation, many of the most important new fields of government activity have been found to be within the ambit of the provincial governments, threatening in the thirties to "Balkanize" Canada, and to place the real seats of power in the provincial capitals of the largest and richest provinces. Meanwhile the smaller or weaker provinces, which theoretically enjoyed

similar power, found their fiscal resources quite inadequate even for the most pressing needs.

• **Tax Proposition**—The most striking proposal, considered last week, is that the provinces enter an agreement for a minimum of three years to get out of the direct tax fields of personal and corporation income tax and succession estate duties.

In return, the Dominion would reimburse each province at a per capita rate, the minimum to be \$12 and rising as the national income rises above 1941 levels, but never below the rate calculated on 1941 income and population.

Currently, these payments would represent at least a 50% increase above what the provinces are now getting under a temporary wartime tax-suspension agreement, signed in 1941. This expires next year and must be replaced or the tax-control returned to the provinces.

• **Over-All Program**—But the new Dominion government tax proposals are only a part—though an integral part—of an over-all program in which the Dominion would assume 100% of the cost of old-age pensions over 70, and 50% between 65 and 69; the entire cost of assistance for employable unemployed; extensive expenditures on vocational education; heavy financial contributions to provincial health insurance schemes; and immediate grants for a number of public health projects.

Agreement on these items is not expected for months, but the omens are propitious. It will pave the way for quick and effective action by Ottawa to counter depressing trends in the economy, and preclude a muddle over who is responsible for the jobless such as characterized the last deep depression.

CO-OP TAX PROPOSED

OTTAWA—Canadian co-ops will lose some privileges not shared by private business if recommendations now before the government are adopted.

A commission on co-op taxation headed by Justice Errol McDougall, reports that cooperatives do earn profits and that their profits should be taxed on the same basis as other business profits. Up to now co-ops in Canada, as in the U. S. (BW—Dec. 30 '44, p. 17), have gone free of corporation income and excess-profits taxes.

Biggest co-ops are the western wheat pools which operate many hundreds of line and terminal elevators and handle a large part of the wheat crop.

The report proposes that patronage dividends or similar payments by co-ops to members be deductible from income before taxation, but also that any other business be permitted to do the same. It also gives new co-ops a three-year

fiscal period free of taxes in which to get established.

General finding was that the co-ops' chief advantage over other business under present tax arrangements is their ability to build up reserves from profits free of tax. The commission found the tax position has not been used to outbid private business in prices or service.

Movies Expand

Canadian theater chains plan new houses, modernization of old ones. Country hopes to develop production industry.

TORONTO—More and better motion picture theaters, as well as a new motion picture production industry, are on Canada's postwar agenda.

Informed estimates place expenditure on these developments at between \$20 million and \$25 million within the next few years.

• **Two Large Chains**—Canada has at present about 1,250 movie houses. About one-third are owned by two chains; Famous Players Canadian Corp. owns about 330, Odeon about 110.

Famous Players is a subsidiary of Paramount Pictures and represents the largest participation of U. S. capital in the Canadian entertainment industry. Odeon Theatres is owned 50-50 by J. Arthur Rank, British textile and film executive, and Paul Nathanson of Toronto.

Famous Players' expansion plans include the building of about 16 new theaters throughout Canada, seating a total of 20,000 and costing around \$3,500,000. The company will also modernize its present theaters.

• **New Odeon Designs**—Odeon bought up its present holding largely during the war, and plans to build at least 50 new theaters—possibly 100—in all parts of Canada. It has no large houses in Canada's larger cities, so will start with 2,300-seat theaters of new design in Toronto and Montreal.

Odeon has definite new ideas on theater construction, including variations on lobby design, interior lighting, and acoustics. The company's plans call for spending as much as \$12 million on postwar developments.

Odeon will also start a moving picture filming industry at Toronto with immediate production of commercial short features, short films for children, and later short dramatic productions (BW—Jun. 9'45, p121). The company has also established a film-distributing organization for the British-produced films of the Rank organization.

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THE MARKETS

(FINANCE SECTION—PAGE 68)

Despite several price-debilitating spells of profit-taking, the stock market last week was able to stage one of its most exhilarating performances of 1945. As the curtain dropped, many stocks were zooming merrily up to new 1942-45 bull market highs under the impetus of buying orders which provided the New York Stock Exchange with its busiest two-hour Saturday trading session in well over five years.

Week-end mulling over the situation by investors and traders produced no change in the rampant bullishness that had been so noticeable. If anything, it merely served to increase the desire to board the gravy train before it was too late.

● **On the Way Again**—Monday of this week, as a result, saw the market take up right where it had left off. Prices opened sharply higher, and long before the market learned of President Truman's entrance into the tangled management-labor picture (page 17), the market was well on the way to extend last week's gains substantially.

News of the President's proposal to ban strikes or lockouts pending federal consideration of labor disputes didn't dampen market enthusiasm one tiny bit. Instead, it struck a responsive chord in the Street, served further to heighten the optimism, and soon started a buying rush to acquire motor shares and representative issues of the heavy industrial group.

● **Ticker Overtaxed**—Buying orders, as a result, began to multiply. As orders poured onto the Big Board's trading floor, the ticker tape reporting transactions started to lag for the first time in months. Trading in the last hour alone of Mon-

day's proceedings shot up to around the 860,000-share-level, and the full day's turnover crossed the 2,600,000-share mark for the first time since last June.

Gains scored that day ranged up to 55 and higher in a wide group of issues. At the day's high point, Dow-Jones industrial stock price index all but touched the 194.40 peak it reached in the early part of 1937. The utility index acted in a similarly convincing manner, and the rail shares were almost as buoyant, for a change.

● **Marking Time**—As might be expected after such a rise, stocks generally marked time on Tuesday and Wednesday of this week. Some profit-taking did make its appearance in the picture, but up to mid-week this was being readily absorbed. Trading volume was showing a tendency to decline as prices drifted somewhat lower.

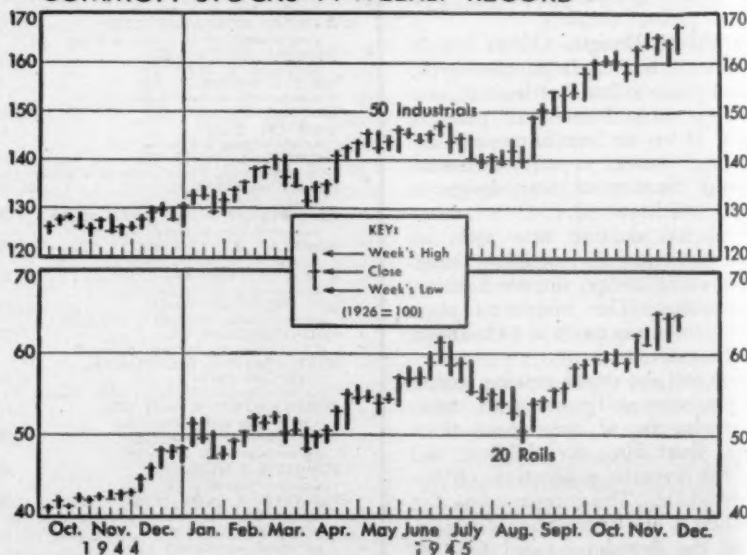
It was noticeable, however, that quite a number of market letter writers were warning clients of the possibility that the market might be on the verge of a technical corrective movement brought about by a temporarily "overbought" condition.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ...	167.2	164.2	163.0	127.6
Railroad	64.8	64.5	62.4	44.7
Utility	84.5	84.2	81.4	54.5
Bonds				
Industrial ...	122.9	122.4	122.5	120.6
Railroad	116.9	117.2	116.1	112.4
Utility	115.9	115.9	116.2	116.6

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

THE TRADING POST

The Forgotten Incentive

The idea that, other things being equal, the German government's depreciation policy might have won the war remains sufficiently startling even after history's demonstration that other things were not equal.

It deserves the thoughtful attention of a wider audience than those who must have carried it away from the recent Chicago meeting of the National Machine Tool Builders Assn. addressed by George H. Johnson, president of Cisholt Machine Co.

Mr. Johnson had just returned from a mission to Europe as a member of the U. S. Reparations Commission. He had brought back evidence for the truth of previous reports which had built up an estimate of Germany's metal metalworking capacity that seemed "absolutely incredible." After reciting this evidence of his own eyes, he went on to this significant conclusion:

The contrast between Germany and the United States became more and more striking the more we studied it. Germany had more good and new machines in proportion to its output, in proportion to its population, and in proportion to the size and type of its plants than we had in this country. And even in the face of the most severe aspects of threat of defeat, Germany operated its machine tools one shift a day while we were running ours around the clock. What was the answer? Why this difference?

As we dug further into the situation, the answer began to emerge; and once we understood it, the answer was perfectly obvious.

The basic difference lay in the German government's policy with respect to taxation and depreciation schedules—as contrasted to the policy of our government in the United States.

* * *

In this country it has long been established government policy to try to impose upon industry a low depreciation rate with respect to the writing off of industrial equipment. The lower the depreciation rate allowed, the higher is the current taxable income of company.

To put it another way—the United States has not permitted the manufacturer to recover the cost of productive equipment from the price received from the sale of its product except upon a slow and tardy basis. Such depreciation schedules average, I am told, about 20 years. Any attempt at accelerated writeoffs has resulted customarily in disallowances and tax penalties, unless the manufacturer had past records and actual experience in accelerated writeoffs.

There were some exceptions to this tax principle during the war, when five-year writeoffs were permitted, as you know, under

certain circumstances. But these were the exceptions and not the rule.

The result has been that in this country governmental policies have consistently discouraged the purchase and installation of better productive equipment. We have, in fact, put a penalty upon modernization.

* * *

Well—what do the Germans do?

Way back in the early days of Hitler, certainly after the Nazis got into power, they changed their laws with respect to depreciation allowance.

In the beginning, as I understand it, the German government permitted manufacturers to write off the cost of new equipment in a single year, if they wished.

This regulation was later changed and, according to such information as I have, in the late years of the Nazi regime the manufacturer was permitted to write off new equipment very rapidly, and such permission was conditional upon the scrapping of a certain amount of that manufacturer's old and obsolete machines, and a limitation on the percentage of income before taxes that could be used for replacement purposes.

The results which were consequent upon this governmental attitude were exactly what you would expect to follow under the operation of the profit motive. Once tax penalties upon modernization were removed, industry immediately modernized and continued to modernize.

Since the purchase of new equipment did not represent overhead burden to the extent thus represented in this country, German industrialists did not find it necessary to operate equipment three shifts in order to recover from such operations the money needed to carry, and eventually to replace, the equipment.

* * *

Just think of this question from the single angle of national defense.

A country which has a taxation policy which provides an incentive toward modernization, instead of a penalty, will not have to worry about preparedness from the standpoint of its productive facilities. The very preparedness required for war contingencies will be inherent in the very nature of its basic economic and industrial structure.

There is no need for me to emphasize that I hold no brief for Nazi methods or philosophies. But as a practical machine tool man, I have a great deal of respect for some of the advances which the Germans have made in the art of building machine tools, which I think might be applied to excellent advantage in our own country.

That is exactly the way I feel about the German method of handling industrial taxation and depreciation policies. It is an economic tool of great effectiveness. It was employed by the Germans for purposes of destruction. That does not make the tool any less efficient or important; and I think this same tool might well be considered by this country on behalf of all-out production, full employment, and national defense.

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THE TREND

NOTES ON NATION'S WAGE PROBLEM: IV

One of the major arguments in favor of a general increase in wages at this juncture is that it is necessary to sustain the nation's purchasing power which, in turn, is a prime requisite of continued prosperity. "Purchasing Power for Prosperity" is, for example, the title which the United Automobile Workers, C.I.O., gave to the brief supporting their demand that the General Motors Corp. increase wage rates 30% and thus maintain the wartime take-home pay of its workers. This fourth piece in this series of Trends on wages will take a look at the purchasing power argument.

• There is, of course, no single argument which unites all of those who bear down on purchasing power as the key to prosperity. However, perhaps the most popular current formulation of the purchasing power argument or theory is that the worker's share of the national income must be increased at the expense of the investor's share if the purchasing power necessary to clear the market at high levels of economic activity is to be provided. At any rate acceptance of this theory is implicit in the position that there should be a large general increase in wages at this juncture without an increase in prices.

In quantitative terms the analysis which leads to this theory runs something like this. To provide full employment in 1950 we must produce \$170 billion of goods and services (at 1941 prices). But if past relationships between income, savings, and expenditures prevail, not enough will be spent to support \$170 billion of production, with the spending and the shortage lining up like this (figures in billions of dollars):

Required total expenditures.....	\$170.0
Estimated spending (based on past relation to income):	
Individuals	\$114.1
Business	22.0
Government	25.4
Total	161.5
Shortage of expenditure.....	\$8.5

Most of the shortage of expenditure (\$6.3 billion of \$8.5 billion) would be due to the fact that business, after using its reserves and undivided profits, could absorb only \$10 billion of the \$16.3 billion saved by individuals. The balance would be due to the fact that the government would collect \$2.2 billion more than it spent.

• Such a shortage of expenditure would, of course, result in decreased production and unemployment. The remedy proposed by the protagonists of the purchasing power theory would be to close the \$8.5 billion gap in expenditure by so changing the distribution of income that more would be spent, and less saved. This they would do both by designing the tax structure so as to encourage con-

sumption and by increasing the proportion of the national income going to wages as opposed to profits.

In advocating an increase in the proportion of the national income going to wages, the underlying idea of the purchasing power theory proponents is that wages go to people who spend virtually all of their income while profits go largely to people whose incomes are large enough to permit them to save a considerable share for investment. If the share saved for investment could all be used for that purpose it would still generate purchasing power, but, in the view of purchasing power theory advocates, our industrial system has become so mature—that's the term used—that it cannot absorb all of the available investment funds and they pile up and put a damper on production and employment.

• It may develop that this theory, of which only the roughest formulation has been possible here, offers a trenchant and constructive commentary on the long-range development of our economic system. The tremendous burst of energy it developed during the war hardly suggests that the system has reached the degree of sedate maturity which the theory presupposes. Also, among many other seeming weaknesses, the theory bumps squarely into the fact that wages create costs as well as purchasing power and that, by raising costs, wage increases may be self-defeating so far as getting more produced is concerned. And it is production, not purchasing power, which determines the standards of living.

In any event, it is obvious that the purchasing power theory is a false guide to action at a time when inflation constitutes a major threat to our economic well being—as we are continuously warned by Washington, as well as by many more detached economic observers. Only a few weeks ago OPA Administrator Chester Bowles told a Senate committee, "The danger of inflation is more critical today than at any time in the last four years." That means, of course, that in his opinion the shortage of goods relative to the money with which to buy them is more acute than ever. Yet the Administration of which Bowles is a part, and Bowles himself on occasion, are busily engaged in increasing the inflationary pressure by advocating wage increases at this juncture.

• The Administration wage increase advocates might, of course, retort that in so doing they are looking forward to the time when the inflationary danger has run its course and the props of wage increases are needed to prevent too drastic deflation. By following such an exotic course of timing, however, they are not only playing with fire but presenting the country with a wage-price policy which is contradictory and confusing.

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